
April NATION'S 1948
BUSINESS
Idevision
Charles De Feo

problem*...



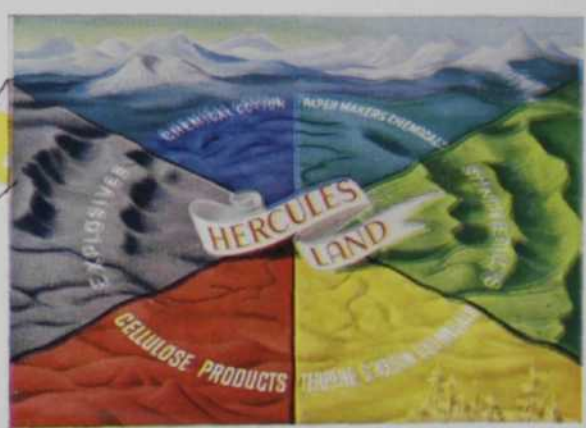
solution

To help proprietors keep bowling alleys in tip-top shape, Hercules has cooperated with the paint industry in developing easy-to-apply lacquers. These long-lasting finishes dry hard and smooth overnight and are tough enough to take the whack of a whizzing ball for countless frames.

result...



* TO MAKE A DURABLE LACQUER . . . another chemical development utilizing Hercules chemical materials. The free book, "A Trip Through Hercules Land," describes other uses of Hercules chemicals.



HERCULES

HERCULES POWDER COMPANY
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CHEMICAL MATERIALS FOR INDUSTRY

Research keeps
B.F.Goodrich
FIRST IN RUBBER



25 punctures without a flat

A typical example of B.F.Goodrich improvement in tires

ONE puncture after another — but no flat tires. In fact, dozens of nails, screws, and other puncturing objects have been removed from tires on the trucks of the Middlesex Farm Dairy, New Brunswick, N. J., whose vehicles are equipped with B.F.Goodrich Seal-o-matic Tubes.

In this tube there is a layer of firm but gumlike compound directly under the tread and shoulder areas of the tire. When a nail or other sharp object pierces the tire and tube it is instantly surrounded and gripped tightly by the gummy substance. Air cannot escape. When the nail is removed, the sealing compound closes the hole, seals it permanently. Some of the sealing material is often drawn up into the tire, sealing that hole also.

Because Seal-o-matics hold air better as well as protect against punctures and blow-outs, they increase tire life—often as much as one-third. And they outlast two or more regular tubes.

Louis Rockoff, president, Middlesex Farm Dairy, says, "Our 18 trucks are in all types of service, both city and rural delivery in and around New Brunswick. In the past we had a large number of punctures and flats. Trucks operating in one area averaged a flat a week until we equipped them with Seal-o-matics. Now, on the same route, we haven't had a flat in six months. I figure that means over 25 punctures without a flat!"

Truck Seal-o-matics are designed for light and medium trucks and buses used in city service. They always pay for themselves quickly. See this tube now at your B.F.Goodrich dealer. *The B.F.Goodrich Co., Akron, Ohio.*

Truck Tires BY

B.F. Goodrich

The American Way



During the war, our soldiers were the best-fed and best-clothed in the world. In peace, too, Americans eat better and dress better than do other people. Some call it the American way —as if it happened just because Americans want it.

Italians want it, too. So do Germans, Russians and Portuguese. But they don't have it—even though they have land, resources, manpower.

They have a scarcity of one commodity, however, that is plentiful in America—freedom—*Freedom of Enterprise*.

It has made America great. It has made its people better-clothed, better housed and better-fed than any other people in recorded history. Because men were free to make things —and because people were free to accept or reject those things—men vied for public acceptance by making their products better and lower-priced.

That's how we got a higher standard of living—how business grew great—how the American Way came about.

And that's how Burlington Mills became one of the world's greatest producers of textiles. Today, millions are clothed in suits, dresses, shirts, slacks, and hosiery which are Bur-Mil products.

Millions of homes are decorated with drapes, spreads, furniture upholstery made of Burlington fabrics.

Only by making *better* rayons at *modest* prices could Burlington have won this preference from these millions.

Only in America could Burlington have been free to seek this preference—a preference that will continue as long as Burlington Quality can merit it.

Burlington Mills

"Woven into the Life of America"

Bur-Mil QUALITY

EXECUTIVE OFFICES, Greensboro, N. C.

Makers of • Women's Wear Fabrics • Men's Wear Fabrics • Decorative Fabrics • Cotton Piece Goods and Yarns • Hosiery • Ribbons



A LOT OF GROWING TO DO

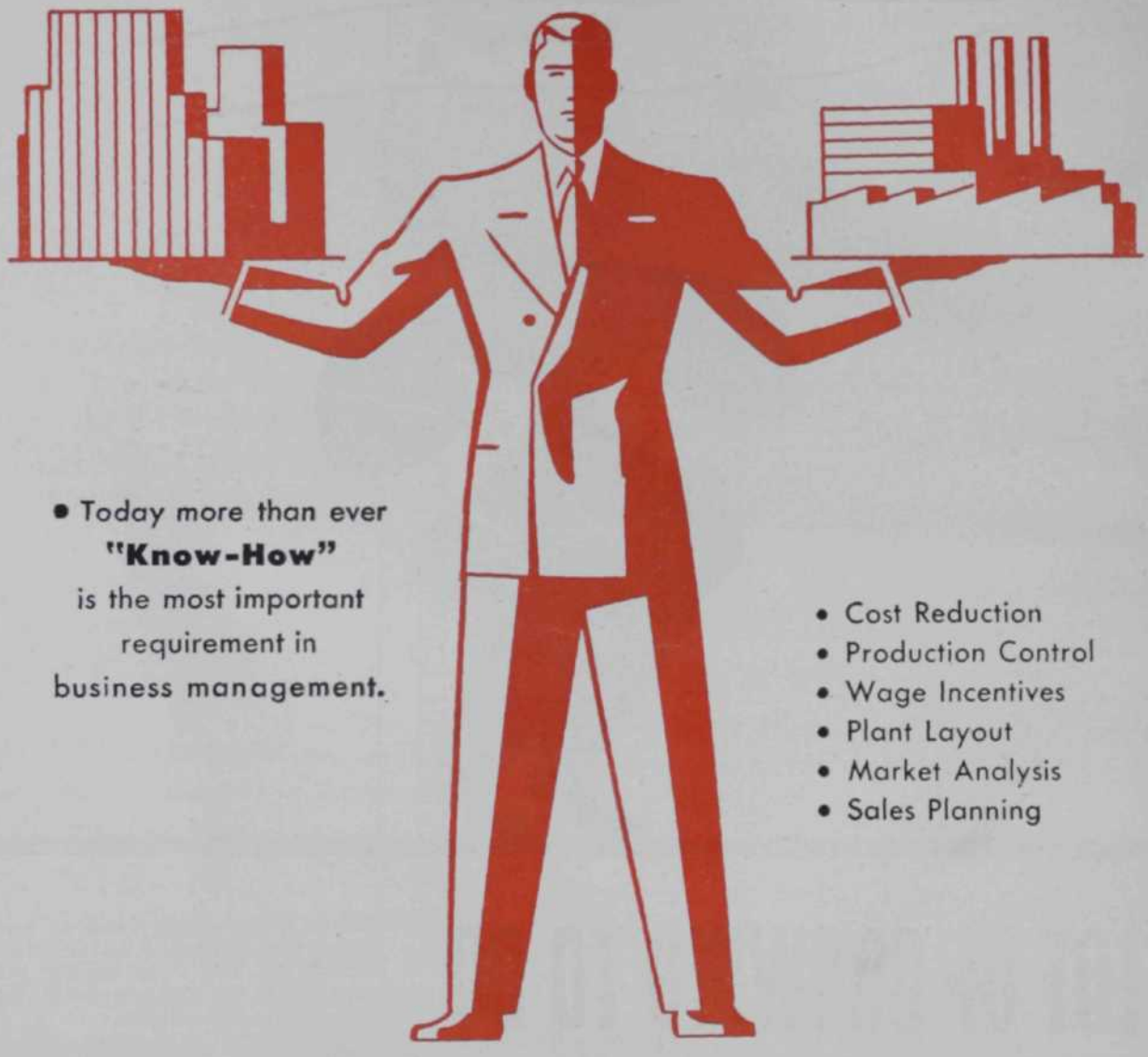
This is a big country and to furnish nation-wide telephone service, the Bell System has had to be big for a long time. But in the last few years it hasn't been nearly big enough.

Even though we've broken all records and added more than 6,000,000 new telephones in the past two years, there are still about a million orders for service that we haven't been able to fill because of lack of equipment, switchboards, cable and buildings. Many more Long Distance circuits also are needed.

It will take time and a lot of money to make the Bell System big enough for the nation's needs but we're on our way —in a big way—to giving you more and better service than ever before.

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Nation's Business

LARGEST IN THE BUSINESS FIELD

PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

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About Our AUTHORS

CERTAINLY **JAMES A. FARLEY** needs no introduction. After more than 30 years as a politician, he is one of the most familiar figures in public life. And he is also a business man—in recent years he has become a top executive in the Coca-Cola Export Corporation. As such, he is in an excellent position to counsel his fellow business men on the mistakes they make in politics. Farley's own initiation into politics came in 1912 when he successfully campaigned for the town clerkship of Stony Point, N.Y. He did this despite the fact that his party had not held the post since 1884. So well did he perform the duties of his office, he was re-elected three times, each time by a greater majority. After that he was off to the races—politically.

"Jim Farley's Story" was published by Whittlesey House last month.

AS market editor of the Associated Press' Chicago bureau, **WILLIAM FERRIS'** main job is to cover the commodity exchanges. He is one man who visits the Board of Trade for an hour each day during trading, yet always manages to leave with as much money as when he entered. So far he has refrained from either buying or selling futures in any commodity and, unless he has a "sudden mental collapse," never intends to do so. Unlike the brokers he mingles with, Ferris likes the market nice and quiet. When it's that way, he says, he doesn't have to answer a lot of questions from managing editors who want to know "What is a short?" or "Why are prices quoted in fractions?"

BY NOW, nearly everybody has heard of President Truman's backward-flying, backward-looking "floogie bird." In general, studying the past too assiduously, especially in politics, may be a bad thing, but sometimes it can provide a key to the future. We felt that a glimpse of what happened to other third-party movements would provide a key to what might be in store for the current Henry Wallace endeavor. With this in mind, we asked **MORROE BERGER,** who lectures in Contemporary Civilization at New York's Columbia University, to do some "floogie birding" for us on this subject. This was a natural for Berger, who has long been interested in American political life.

THIRTY-EIGHT YEARS ago **J. ANTHONY MARCUS** left his home in Russia and headed for America. He was 16, and his English vocabulary consisted of the words "street" and "hurry up," words picked up from an acquaintance who had returned from America because of a dislike for "hurry up." Evidently Marcus didn't mind hustling, because three years later he was hard at work for the federal Government, and his vocabulary had become man-sized. Subsequently he resigned to undertake commercial missions for American interests in Russia, Eastern and Central Europe, Africa and Latin America. He knows Stalin's intimates from personal business contacts with them. Today, Marcus heads the Institute of Foreign Trade.



ONCE **LEOPOLD SCHWARZSCHILD** had a price on his head. That was back in the days when, as the managing editor of three well-known German weeklies, he opposed Adolf Hitler's rise to power. Eventually, Schwarzschild found it both expedient and necessary to flee the country. First he took refuge in Holland and then, when that country was no longer a safe place for him, he booked passage for America. Since arriving in this country he has spent most of his time writing books on Europe. Recently he has turned to writing about America. Schwarzschild still prefers to think and write in his native tongue and then have a translator put it into English.

WHEN **CHARLES DE FEO** brought in his April cover painting, the editorial and art staffs met in what was probably one of the first baseball clashes of the season. The editorial side felt that for the sake of accuracy the position of certain players should be changed. The artists had different ideas. Anyway, changes were made. Whether they were right we leave to you.

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Completely new, Chevrolet-developed Synchro-Mesh transmission in heavy-duty models assures truck users of unparalleled new ease and efficiency in truck operation!

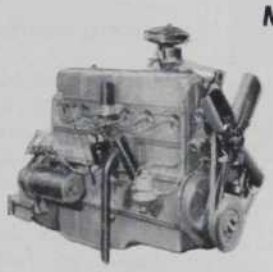
NEW CHEVROLET ADVANCE-DESIGN GEARSHIFT CONTROL

Unrivaled new convenience and ease of operation in Advance-Design models with 3-speed transmission. Gearshift is mounted on the steering column to provide new efficiency on every hauling job!



NEW FOOT-OPERATED PARKING BRAKE

Here's a revolutionary new feature of Advance-Design models with 3-speed transmission. The new Chevrolet foot-operated parking brake provides safer, more efficient braking, plus new clear floor area!



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Chevrolet Advance-Design provides new splined rear-axle shaft attachment to wheel hubs for greater strength and durability in heavy-duty models . . . New heavier, more durable springs . . . New propeller shaft bearing-seal design.

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H-6

NB Notebook

Bad news, too

PLANT and sales executives of the Johns-Manville Corporation at all company locations in this country and Canada have been instructed to tell the bad news as well as the good news in a new press relations manual which has been prepared for them.

"Attempts to cover up accidents at factory locations are not smart," the manual declares. "Actually, it does your company a disservice and, if bad publicity ensues, you can usually attribute it directly to such a mistaken policy.

"If an accident occurs at the plant, be the first to call the local newspapers and give them the facts. Don't expect to clear it up two or three days later after exaggerated or erroneous versions have been published, simply because the newspapers could not get the news from you promptly in the first place."

Shopping centers

SHOPPING center expansion has some big downtown stores not a little worried. Evidence of this is the strong countermove toward opening branch stores in suburban areas.

Some of the shopping center advantages are related in a bulletin of the Baxter International Economic Bureau, which maintains that the big city stores have passed their peak and have entered a long decline.

The three most impressive facts about the centers are (1) their unusually large sales per employe (at Ardmore on the outskirts of Philadelphia $21,613 a year against a national average of $12,633); (2) the spread of business throughout the day instead of in a few crowded hours, and (3) better business in poor weather than on fair days (at Ardmore 14 per cent better).

The last word on retail developments, of course, is far from being said. They are now in a tremendous flux where one type of store is borrowing features from several others. A solution of big city traffic congestion might call for a rewriting of Mr. Baxter's forecast.

Communication

POLL after poll keeps emphasizing that people on the job (workers) are just people, after all. They want to know what is going on because they have simple, human curiosity. Then they want to know where they fit into what is going on. That is simple, human ego.

In the old days when business was not so big, both wants were readily satisfied. The worker knew all about the business and he knew where he fitted in.

Today our vast and sprawling enterprises hold up information on both counts, it seems, though lately there has been some correction of the trouble. The Macfadden Wage Earner Forum, conducted by the publications of that name, found that 48.7 per cent of the workers said that their companies have never given them information about the business, its operations, profits, etc. Of those whose companies do supply such information, 11 per cent said they are getting more details than a year ago.

Not a "better 'ole"

HAMMERING away on its proposition for a dynamic equipment policy in American industry, the Machinery and Allied Products Institute has issued a study called "Technological Stagnation in Great Britain," which Englishmen have made plain they don't like. The rejoinder from across the sea notes exceptions but the study itself for the most part quotes British findings and comment about obsolete plant, cartel practices, ill-con-

Why are more people achieving
MORE SECURITY
through
EQUITABLE POLICIES
than ever before?

SECURITY for our families and for ourselves is a goal all of us are striving to attain.

If these were normal times, this one fact might fully account for the record volume of Equitable life insurance purchased last year.

But the conditions under which we now live provide additional reasons why so many thinking Americans are investing more of their dollars in life insurance. Think for a moment in terms of yourself:

You are living in a period of inflation—of high prices and high taxes. Never has the purchasing power of your dollar been less for most of the things you buy. What would happen if you put more of your spendable dollars in life insurance?

With your very first premium you receive *immediate* protection—a guarantee of security that can't be obtained in any other way. *It would take years of self-denial and saving to accumulate the amount of security that is provided* at once *through a life insurance policy.*

Moreover, the benefits which you or your family will receive from your policy will come, in all likelihood, at a time when the dollar has regained a more normal purchasing power. In this respect, life insurance paid for today is bargain protection for the future.

EQUITABLE FAMILY GROWS

The Equitable Life Assurance Society of the United States—a non-profit institution operated solely in the interests of its policyholders and their beneficiaries—has been helping families build security since 1859.

More people purchased more protection through Equitable policies last year than ever before. New insurance issued amounted to $1,170,000,000. A total of $11,944,000,000 of insurance in force now safeguards the Equitable family of policyholders.

In line with this increase in protection, the resources of The Equitable Society increased $322,400,000 to $4,505,000,000, a new high.

Benefit payments last year from policies that were called upon to fulfill the purposes for which they were purchased, amounted to $280,685,000.

FIGHTING INFLATION

Money used to purchase life insurance is non-inflationary, since premium payments represent funds diverted from consumption into channels of investment, where they help to increase the nation's industrial productivity.

Inflation is the enemy of everyone.

The primary source of inflation in this country is the excessive supply of money and credit in our commercial banking system, reflecting unsound national monetary policies.

If we are to solve the inflation problem, we must first of all deal with this excessive supply of money in our banking system.

It is useless to try to control prices through rationing, or through increased production, when the creation of money in the form of bank credit goes on uncontrolled. *It is like fighting fire with one hand while the other hand pours on additional fuel.*

Inflation can be restrained at its primary source if enough of our citizens, motivated by self-interest and recognition of the need for preserving the economic strength of the nation, make their demand for sound monetary policies known to those who represent them in Congress.

THOMAS I. PARKINSON, President

SEND FOR THIS FREE BROCHURE!



This is The Equitable Society's annual report for 1947. If you are interested in receiving a copy, address your request to 393 Seventh Avenue, New York 1, N.Y.

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A copy of this report is being mailed to each Equitable policyholder.

The Equitable Life Assurance Society of the United States is a mutual company incorporated under the laws of New York State.

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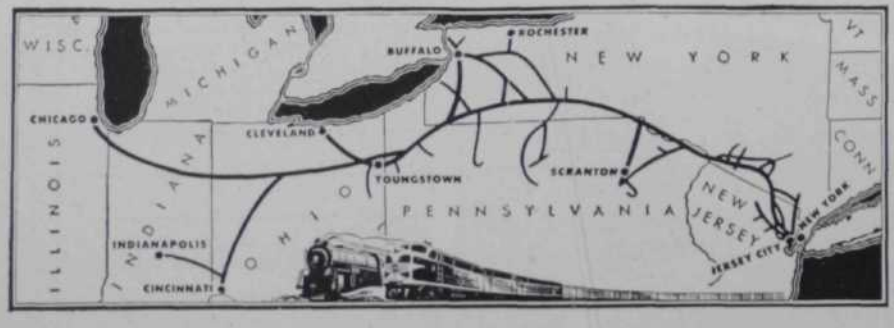
SEARCHING the very depths of heavy metal parts for hidden defects is an important part of regular safety inspections given Erie locomotives.

Yes, the Supersonic Reflectoscope used for this job "looks" right into axles and driving pins by sending high frequency sound waves directly into the heart of solid steel. If there is any interior flaw, the waves detect the fault and show it on the machine's viewing screen.

Use of scientific equipment like the Reflectoscope is typical of the Erie's modern methods for *progress in railroading*. Developing new, better and faster ways of doing things results in safer, more dependable railroad transportation—the kind you get when you travel or ship "Via Erie."

Erie Railroad

Serving the Heart of Industrial America



ceived taxing methods and labor and management shortcomings.

When tariff matters come up in this country shortly, there may also be a yowl from American manufacturers if some of the figures quoted against the British in this study are used by importing interests to buttress the case for lower rates. Thus, it is set forth that American man-hour output ranges from 131 to 597 per cent of the British for a long string of industries.

What the machinery men are trying to impress upon the country, however, is that we must not fall into the hole Britain appears to have dug for herself. William J. Kelly, president of the Institute, writes in the foreword to the study: "The value of British experience to this country does not turn on the extent to which Britain could have avoided it; it turns on the extent to which we can avoid it."

Business paid the bill

IN THE DRIVE to cut down on the expense of government publications, the ax has fallen on some good reports as well as on offenders of the "ballyhoo" type. Lack of funds, for instance, held up for months the printing of the most thorough survey of our mineral resources ever made.

One way of meeting the problem was evolved by the Office Equipment Manufacturers' Institute when E. D. Taylor, executive secretary, discovered that some first-rate market research data was available from reports under the old-age and survivors' insurance program. The Institute's members put up the funds to prepare the statistics for general distribution, with the cooperation of the Office of Domestic Commerce and the Federal Security Agency.

The tabulation, by counties, gives employment and taxable payrolls for agriculture, mining, industry, trade, etc. and a breakdown by size of reporting units. Employment figures are those of mid-March, 1946, and taxable payrolls those from Jan.-March, 1946.

When industry itself puts up the money for printing a government report, then it must be good. At any rate a way has been pioneered for seeing that business gets what it wants when government funds are lacking.

Wind-up for WAA

WAR SURPLUS estimates were billions apart when the job was first started of selling it. Now the War Assets Administrator is draw-

Something for the kiddies



At day's end (or when the cop comes) the sidewalk hawker can swiftly count up where he stands.

Legitimate business is more complicated, though; and "counting up" is more complicated, too. But it need not involve elaborate computations, or endless posting and filing. Not if you employ the amazingly simple Comptometer Peg-Board Plan.

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N. W. AYER & SON



Cast Iron Pipe's rollin'

To cities and towns all over the nation—by rail, truck and steamship—cast iron pipe shipments are leaving the foundries daily. There has been no letup in the extraordinary demand for cast iron pipe for such vital public services as water, gas and sewerage. In response to this demand, the cast iron pressure pipe industry, in spite of raw material shortages, achieved in 1947 one of the biggest production years in footage in the history of the industry, and has recently installed additional footage capacity.

No other pipe used for underground mains has ever approached cast iron pipe's record for long life and economy in the public service. For example: *96% of all cast iron water mains (6-inch and over) ever installed in 25 representative cities since 1817 are still in service.* This remarkable record was disclosed by a recent survey conducted by water works engineers. It is expert evidence of the unequalled long life and economy of cast iron pipe. Cast Iron Pipe Research Association, T. F. Wolfe, Engineer, 122 South Michigan Avenue, Chicago 3, Ill.



This cast iron water main has served the citizens of Philadelphia for 126 years.

CAST IRON PIPE
SERVES FOR CENTURIES

LOOK FOR THIS MARK IT IDENTIFIES CAST IRON PIPE

ing up liquidation plans for his agency because supplies (or acquisitions as they are called) are dwindling and the remaining goods have become less salable when offered to the public.

To the end of 1947 property costing the Government more than $28,300,000,000 had been acquired by WAA and $21,900,000,000 sold, leaving an inventory of $6,400,000,000, half of which was represented by real property.

The percentage of recovery on cost had dwindled to 15 per cent in the last quarter of 1947. Real property brought 20.1 per cent, consumer and producer goods 14.9 per cent, aircraft components 8.7 per cent, electronics 4.8 per cent and aircraft 3.2 per cent.

War surplus, which was expected to cause havoc in peacetime markets, has created scarcely a ripple as the big war agency plans its final moves.

Training debate over

SEVERAL spectacular "secret weapons" were revealed in the war but in industry our No. 1 weapon undoubtedly was our industrial training methods. Russian reports on lagging production indicate that the Soviet still lacks not only the bomb but this "know-how" as well.

However, it is not an American trait to be satisfied and Dr. William McGehee, director of personnel research of the Fieldcrest Mills, Marshall Field & Co., at Spray, N. C., believes that the era of debate on training methods has passed and that the engineering approach is required.

By this approach he means that "critical evaluation must take the form of obtaining data under conditions so controlled that the conclusions we draw are valid and reliable."

Home work

LOCAL trade association and commerce chamber managers are likely to offer a vote of thanks for the comment of Joe Meek of the Illinois Federation of Retail Associations who opines that "leadership, like charity, perhaps, begins at home."

The test is what your neighbors think of you, Mr. Meek wrote in his weekly bulletin, after introducing his thought this way:

"We've always felt rather sorry for the 'big shot' who operates with a bang at state and national conventions—takes offices, serves on committees, throws his weight around—and is a perfect 'nobody'

Only Dodge gives so much

VISION . . .

New Dodge "Pilot-House" cabs give you nearly 200 square inches more windshield area than other standard truck cabs! You get tremendously increased vision . . . in *all* directions. Windshields and windows are higher and wider. Available are new rear quarter windows that add still more to vision and safety . . . and vent wings for controlled ventilation.





COMFORT . . .

Comfort? Riding is believing! New and *better* weight distribution, wider tread axles and longer springs give a marvelous new "cushioned ride." "Air-O-Ride" seats give the kind of seat cushion you want—"soft," "medium," or "firm" . . . controlled by a convenient lever. Seven full inches of seat adjustment provide the right legroom for every driver. All-season comfort is yours, too, with "All-Weather Ventilation" . . . an ingenious combination of truck heater, defroster vents, vent windows, and fresh air intake. Yes, take a ride . . . for *riding* is *believing!*



1 PLENTY OF HEADROOM

2 STEERING WHEEL . . . right in the driver's lap.

3 NATURAL BACK SUPPORT . . . adjustable for maximum comfort.

4 PROPER LEG SUPPORT . . . under the knees where you need it.

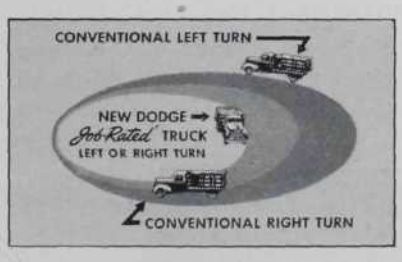
5 CHAIR-HEIGHT SEATS . . . just like you have at home.

6 7-INCH SEAT ADJUSTMENT . . . with safe, convenient hand control.

7 "AIR-O-RIDE" CUSHIONS . . . adjustable to weight of driver and road conditions.

EASE OF HANDLING

You can turn these new trucks in much smaller circles—park or back up to loading docks with greater ease. This is due to a new type of steering design, with shorter wheelbases that accommodate full-size bodies. Front axles have been moved back and engines forward. This added weight on front axles gives much better weight distribution!

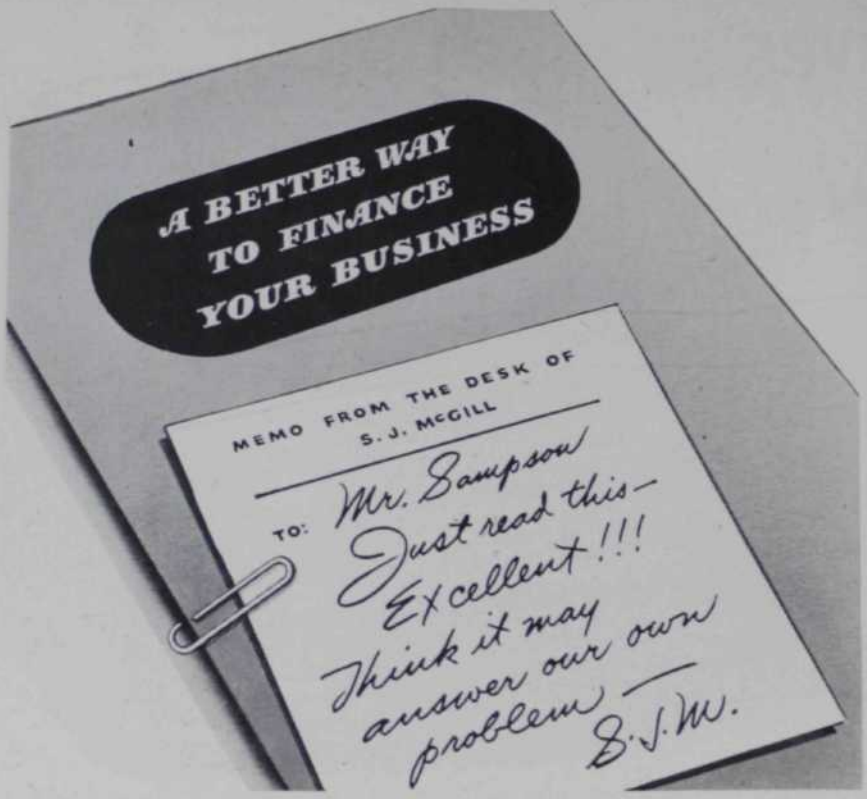


With all these new advantages, you get a truck that fits *your* job, that saves *you* money. That is because every unit of every Dodge truck, from engine to rear axle, is "*Job-Rated*" for economy, dependability, performance and long life. And remember . . . only Dodge builds "*Job-Rated*" trucks!

only Dodge builds "Job-Rated" trucks!

NEW DODGE "Job-Rated" TRUCKS

FIT THE JOB . . . LAST LONGER



Another company discovers

How to Get More Operating Cash *Quickly at Low Cost*

IF MORE operating cash would help your business make more progress . . . expand more rapidly . . . increase profits . . . you'll want to know more about our liberal, low-cost Commercial Financing Plan. Manufacturers and wholesalers throughout the country are discovering the advantages of our plan . . . not available under commercial time loans. Learn how little money costs, how much more you can get, how long you may use it . . . in our 32-page book, "A Better Way to Finance Your Business." Phone or write the nearest Commercial Credit Corporation office listed below.

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COMMERCIAL CREDIT COMPANY
Capital and Surplus $80,000,000
BALTIMORE 2, MD.

at home! There are men like this. They are 'active' away from home but utterly disinterested in the less spectacular, more humdrum but far more important job of being good citizens right in their own backyard!"

Greatest animal enemy

OUT OF THE food crisis of recent months has come a crusade against what the federal Fish and Wildlife Service calls "mankind's greatest enemy in the animal world"—the rat.

When grain shortages were being gravely discussed, there was repetition of the indictment. One rat can eat and spoil more than two bushels of corn a year. One third of all the grain needed for European relief will be destroyed this year.

The Interior Department has picked Corpus Christi, Tex., as the first of 25 demonstration centers for rat control. The city council and local chamber are offering full support to free this grain concentration point from the destructive pest.

Farmers can figure out their rat population by a formula devised by Harold Gunderson, Iowa State College specialist. It is based on sight. If rats are never seen but rat signs are found, there are from one to 100 rats. If they are seen occasionally at night, the number is 100 to 500. If they are seen every night and occasionally by day, the formula says 500 to 1,000. When many are seen at night and several every day, rat population is 1,000 to 5,000.

$3.38 an hour

AN EVENING TRIP on the Third Avenue "El" in New York 35 years ago gave the sightseer just a hasty idea of what was meant by the term "sweatshop."

Through open windows on the Bowery could be seen the toilers at machines in crowded, dirty, ill-ventilated, and ill-lighted lofts. The pay was pitifully meager and the hours stretched to 60 and sometimes more a week.

A flashback to those hard days jumps from a page of a government labor bulletin which reports that some pressers in New York last year earned $3.38 an hour in the dress industry. The factories are clean, roomy and well lighted. The irons no longer tax aching muscles.

The pendulum needed pushing to take what sweat meant out of the sweatshop and it has swung far, indeed.

Industry is on the Move .... Westward

UNION PACIFIC RAILROAD COMPANY
OMAHA 2, NEBRASKA

G. F. ASHBY, PRESIDENT

To American Industry:

The Union Pacific West offers industry proximity to products of ranch, mine and forest...ample power, fuel, water...healthful living conditions in scenic, recreational regions...and native-born, high-type labor.

Our faith in the future of this vast territory is confirmed by our current 200-million-dollar investment program for new equipment, improved and expanded facilities to provide shippers and travelers with the utmost in rail transportation.

We are at your service.

Yours very truly,

G F Ashby

President,
Union Pacific Railroad



George F. Ashby

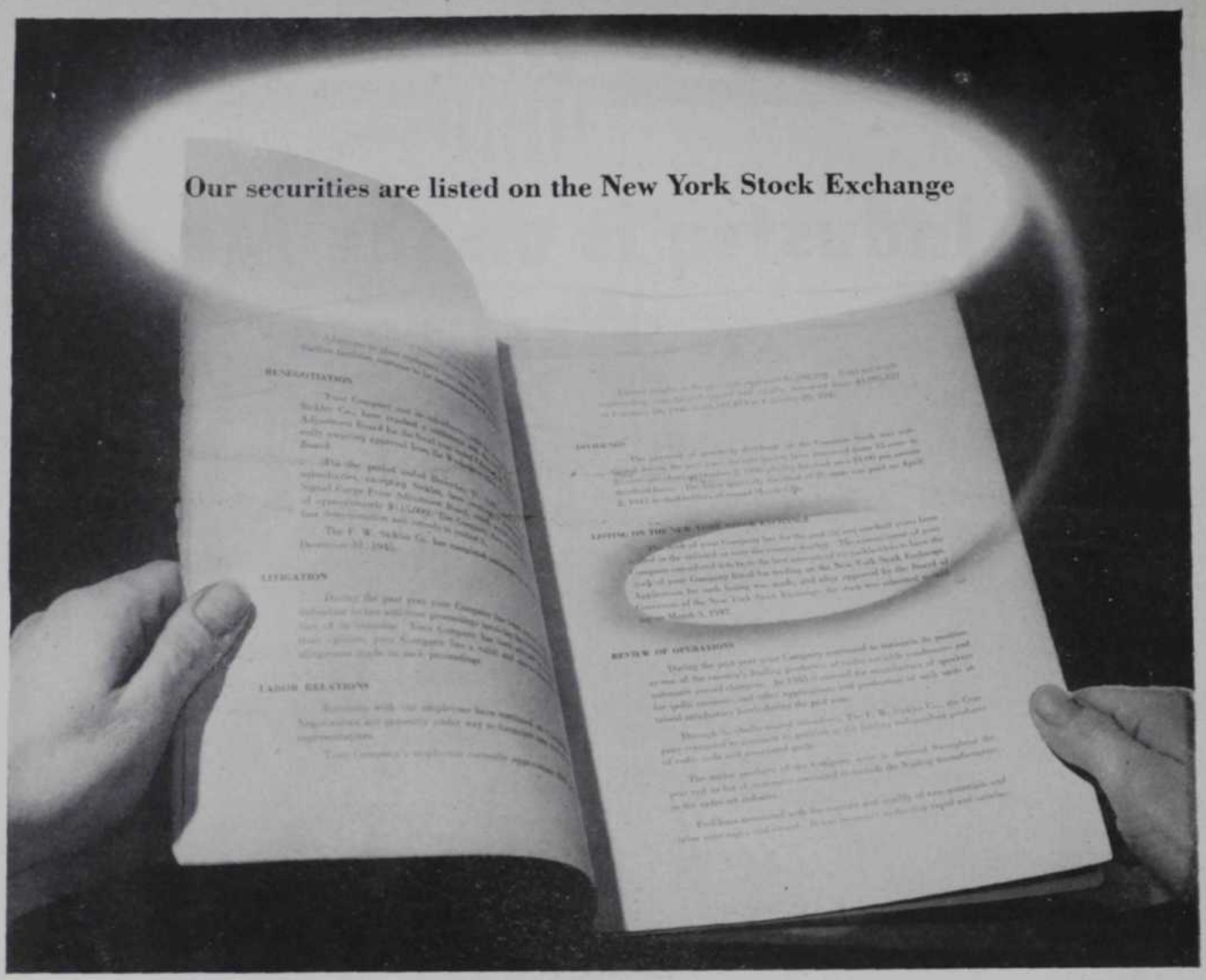
* One of a series of advertisements based on industrial opportunities in the states served by Union Pacific Railroad.

Unite with Union Pacific in selecting sites and seeking new markets in California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, Oregon, Utah, Washington, Wyoming.

*Address Industrial Department, Union Pacific Railroad
Omaha 2, Nebraska

UNION PACIFIC RAILROAD

Road of the Daily Streamliners



What does this mean to YOU?

Hundreds of America's foremost corporations have qualified, under Federal laws and the regulations of the New York Stock Exchange, for listing of their securities on the Exchange. They do so, primarily, because of the benefits to their stockholders, and to investors generally.

Listing on the Exchange provides a national market place for the security. Bids to buy and offers to sell from all over the country can meet in one place. Through his representative on the Exchange floor, the investor who wishes to purchase the security meets the greatest possible number of sellers—the investor who wishes to sell meets the greatest possible number of purchasers.

Listing assures buyer and seller alike of the best available price. On the Exchange, prices are determined openly, by competitive bidding — and the rise or fall of prices represents the will of the majority trading at that time.

Listing means prompt publication of prices. As soon as a transaction is completed, price and volume are broadcast across the nation by means of the ticker tape.

Listing means regular disclosure of essential facts about the company. Before any company lists its securities on the New York Stock Exchange, it agrees to publish regularly essential information about its operations and financial condition—information which is fundamental to a sound investment decision.

These are not the only advantages of a listed security, by any means. They are, however, sufficient to indicate why, for 155 years, the New York Stock Exchange has performed a necessary service for the investors of America.

NEW YORK STOCK EXCHANGE

MANAGEMENT'S Washington LETTER

▶U.S. ECONOMY BALANCES on fulcrum of world politics.

It may tip toward wartime basis.

Preparedness—just in case of war—pushes it that way.

Here's a point to keep in mind:

Piled on top of boom, military expenditure increase need not be great to bring back wartime shortages, substitutions, rising prices, restrictions, higher business taxes.

War scare assures an extra billion for aircraft, greater expenditures for other military equipment, supplies.

But all-out rush to get ready for war depends on further developments in world's many trouble spots.

It's something to keep in mind in your planning.

▶ELIMINATE REARMAMENT possibility and you have picture of U.S. adjusting from postwar boom to postwar normalcy.

Layoffs, cutbacks in consumer goods lines demonstrate changeover.

Geared to catch up with tremendous backlog of demand, some industries have caught—and passed—it.

That's happened in vacuum cleaners and other appliances, tires, candy, medium and higher priced women's and children's clothing, radios, shoes.

There's unemployment—at least seasonal layoffs or part-time schedules—in all these.

But these are not signs of recession.

In every case, production this year will be far above prewar level, though it may drop below 1947 peak.

Stabilizing effect of balancing supply and demand is found in New England shoe workers' wage pattern.

In November they demanded 15-cent raise. Last month they signed in 90 plants at old wage level.

This is the soft outer coating of boom wearing off.

Under it is hard core of postwar economy.

▶STRONG PRICE SUPPORT, almost entirely outside agricultural field, underlies the nation's basic economy.

Example may be found in the Munitions Board's stockpiling program.

Stockpiling has been delayed to avoid competing for materials, pressuring prices, in boom markets.

But meanwhile Munitions Board watches availability of materials on its critical and strategic lists.

Thus when surplus (which would tend to soften price) appears, Board is ready to move into market.

Program at present is behind schedule.

Original plan approved by Congress in July, 1946, contemplated accumulation of stockpiles within five years. At rate achieved so far it would take 10.

International situation tends to speed up purchasing, sweeps away possibility of waiting for lower prices.

To date $275,000,000 has been appropriated for program. President's budget for next fiscal year includes another $360,000,000.

And that amount may be increased.

"Every effort, short of interference with the concurrent needs of industry, has been made to procure those materials in which stockpiles are most lacking," Board reported to Congress.

"It is at this time our belief that at least the amount requested can be judiciously applied to the task ahead and that additional appropriations for contract authorizations will be requested before the end of the fiscal year 1949."

Sharply stepped-up activity is shown in Board's report.

Procurement rate for last half of 1947 was $235,000,000 annually, compared with $70,000,000 rate for same period year earlier.

Examination of Board's critical and strategic lists will show you where you might compete, or not compete, with stockpiling program.

Commodity lists are in three groups.

Group A are those which must be stockpiled for emergency use:

These are agar, antimony, Rhodesian asbestos, amosite, bauxite, beryl, bismuth, cadmium, castor oil, celestite.

Chromite, cobalt, coconut oil, columbite copper, cordage fibers, sisal, corundum, industrial diamonds, emetine, graphite, hyoscine, iodine, jewel bearings.

Sapphire V's, watch rings, kyanite, lead, manganese ore (battery and metallurgical grades), mercury, mica.

Phlogopite splittings, muscovite, monazite, nickel, opium, palm oil, pepper, platinum, iridium, pyrethrum, quartz crystals, quebracho, quinine.

Rapeseed oil, crude rubber, natural latex, rutile, sapphires and rubies, shellac, sperm oil, talc, tantalite, tin, tung oil, tungsten, vanadium, zinc, zirconium ores, zircon.

In Group B are materials for which stockpiling is recommended only in

limited quantities because of availability or ready substitution.

These are aluminum ingot, calcite, chalk, chromite ore (chemical grades), natural cryolite, diamond dies, emery, fluor spar (acid grade), graphite (crystalline flakes), metallic indium.

Other jewel bearings, magnesium ingot, mica (muscovite block), phlogopite block, molybdenum, osmium, rhodium, ruthenium, selenium, steatite, ground talc, wool.

Group C is comprised of materials for which stockpiling is not recommended because of storage difficulties.

These are Canadian asbestos, pig and hog bristles, hemp and American cordage fibers, jute, cork, optical glass, iron ore, kapok, cattle hides, sponges, balsa lumber, mahogany, petroleum, radium, iron and steel scrap, sesame oil, uranium.

▶ADD TO THAT STRENGTH the fact that present statutes authorize price support for nearly everything that grows.

Which means there's a guaranteed high level income—for this year at least—for nearly all the 18 per cent of U. S. population that lives on farms.

It's a practical, not only theoretical, support.

Supported last month were potatoes, peanuts, raisins, prunes, wool, citrus juices.

And wheat was selling for 97 per cent of parity. Support starts at 90.

Other basic commodities coverable in support program are corn, cotton, tobacco, peanuts.

Steagall amendments add hogs, eggs, chickens (with some exceptions), turkeys, milk and butterfat, dry peas and beans of certain varieties, potatoes, sweet potatoes, and soybeans, peanuts and flaxseed used for oil.

Other legislation authorizes support of wool prices, and directs the President and secretary of agriculture to support any other agricultural prices at their discretion.

▶PETROLEUM SHORTAGE is not yet ended.

Production and refinery runs are setting new records. But demand rises at an even faster rate.

Petroleum stocks now are a billion barrels below level a year ago.

Which means there will be less gasoline this summer than last, relative to demand.

Serious shortages will be limited largely to Middle West—area between Rockies and Appalachians, north of Memphis. Probably temporary, but not serious, shortages in other areas.

If you are in Middle West and need gasoline in business, better set up your supply sources now.

Oil industry will distribute gasoline to meet needs of agriculture and public transportation first.

Balance of supply will be distributed to retail outlets on past record basis.

First shortages in middle western farm belt will appear during spring plowing season.

Attempt to avoid critical shortage of kerosene and fuel oil next winter will limit this summer's gasoline supply.

Greater percentage of fuel oils will be taken from each barrel of crude, leaving lower yield of gasoline.

More cars, more farm machinery, more oil stoves and space heaters, more oil-fired locomotives keep petroleum demand ahead of expanding supply.

Availability of steel still determines oil's ability to expand.

Industry needs steel for production, refining, distributing and transport equipment.

Government at present has no authority to ration fuels or gasoline.

▶A NUMBER of leading oil economists predict that for the 12 months ending Mar. 31, 1949, available supply of petroleum products will be 8 per cent above past 12 months. Consumption will be up 6 per cent.

Production of crude oil will reach 5,600,000 barrels a day by March, 1949.

More tankers will be available. Imports from Middle East will increase.

Fuel oil outlook for next winter is about the same as it was for last winter but with some relief in transportation difficulties.

▶LOUDEST CRITICISM of upward price adjustment in semi-finished steel came from those who don't buy it.

Many of those who do—stovemakers, for example—praised the step.

They had good reason: They knew they wouldn't get the semi-finished grades of steel they need if it couldn't be made profitably.

▶WHILE AFL OFFICIALS denounce Taft-Hartley Act as "slave labor law," AFL building trades cooperate to make it work.

For first time union representatives

MANAGEMENT'S Washington LETTER

and employers sit on joint board to settle jurisdictional disputes, costliest in the building trades.

Previously these differences were battled out among unions—while the job stood still.

Although new board of building trades unions' and contractors' representatives is unofficial, its decisions are expected to be respected.

Taking part in talks creating Board were union representatives, contractors, and Robert N. Denham, NLRB attorney.

▶SIX INDUSTRIES ABSORBED 40 per cent of last year's industrial construction.

These were oil, utilities, chemicals, railroads, textiles and pipelines.

This year same six probably will account for 50 per cent.

That's because equipment and materials they need are becoming more available.

It's an indication of strength in industrial construction field.

Most of these big six are engaged in long-range programs—programs that cannot be completed this year.

▶IT CAN'T LAST forever.

That's attitude of motor makers, who have biggest, most solid backlog of orders of any consumer line.

Manufacturers of lower priced popular makes don't see an excess car until 1950. But they're out prodding their distributing systems anyway.

Factory representatives drop in on dealers, critically view layouts, practices, sales and service staffs.

"Build it up," they tell dealers.

And in answer to protests that sold-out markets make sales efforts unnecessary, they add: "Now is the time to get ready for the day when the market won't be sold out."

Here's how distributors view their market:

Disregarding present orders, assessment of needs of salesmen, doctors, others who use cars in daily work shows requirements of at least 8,000,000 units above total now on the road.

They estimate passenger car production at 5,000,000 annually (at best), and junking at 1,000,000 annually (at least).

This leaves net gain of not more than 4,000,000 cars. Which places supply-demand balance in 1950.

"If nothing happens to the economy in the meantime," they add.

▶WILL REDUCING NATIONAL DEBT cut inflation? That alone won't according to the record.

Gross national debt reached its peak in February, 1946. Since then it has been cut by $25,000,000,000 to present total of about $254,000,000,000.

At same time total monetary supply—demand deposits and currency outside banks—has jumped from $102,300,000,000 at start of 1946 to $113,500,000,000 this year.

▶YOU'LL HEAR A LOT about American corporation profits of $17,000,000,000 in 1947, particularly in wage and tax talks.

Here are some other figures to go with that one:

Aggregate corporate business for the year was about $300,000,000,000. So the profit margin was about 5½ per cent.

▶WHICH IS BIGGER in price you pay for manufactured goods—profits or taxes?

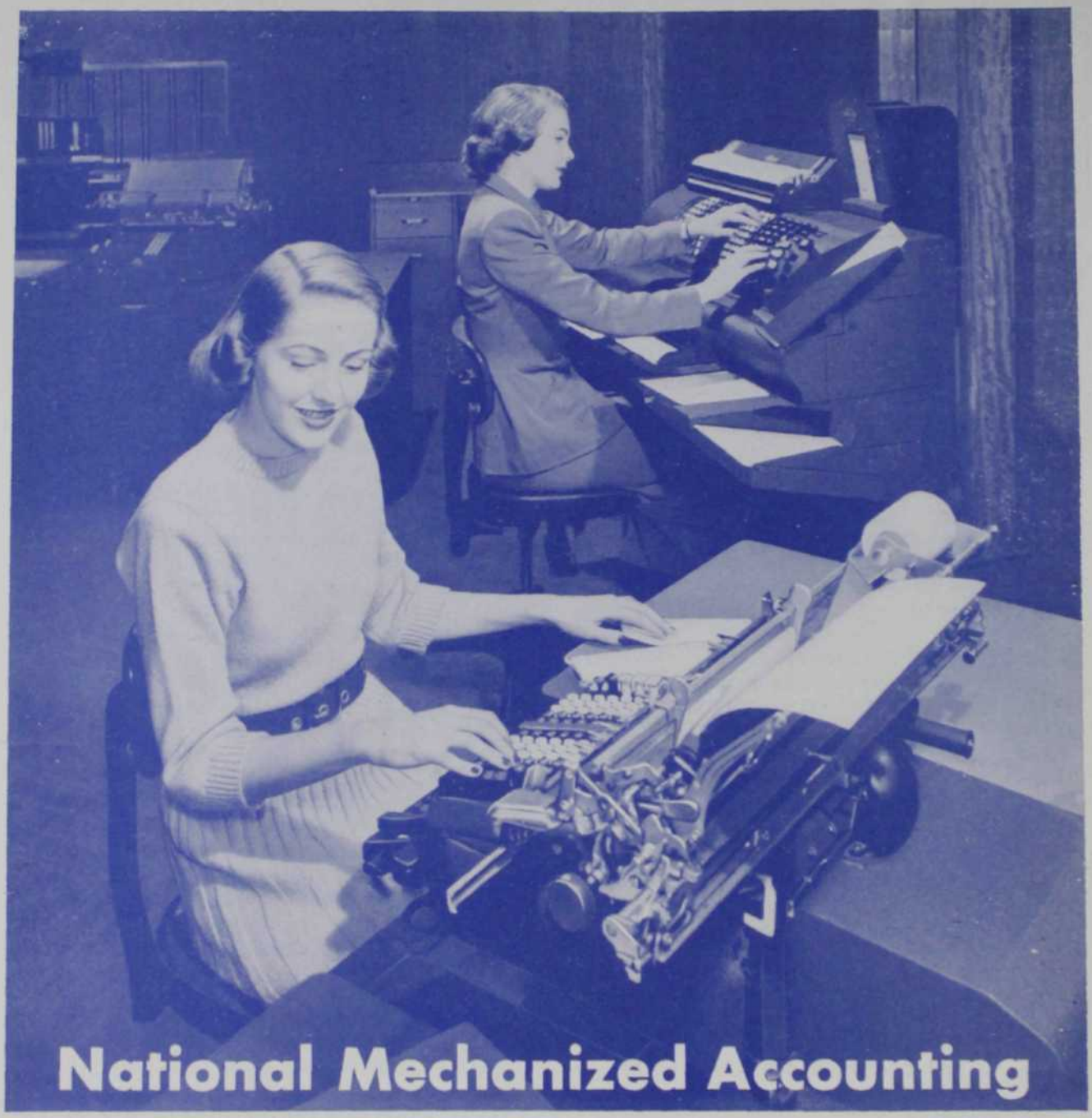
Taxes—by far, according to James P. Mooney, Willys-Overland president and board chairman.

Mooney told Consumer Bankers Association that, if company decided to sell cars without profit and its workmen would agree to 20 per cent pay cut, combined saving would amount to $60 on a $1,500 car.

Twenty per cent cut in taxes on same car would come to $78.40, Mooney said.

Direct taxes on a $1,500 car are about $112, indirect about $280.

▶BRIEFS: It took $75,000,000 worth of meat to fill Armour & Co. pipelines prewar. Present cost: $146,000,000.... Federal Works Agency reports state and local construction contracts may reach $2,345,000,000 this year....Streamlined passenger cars now being put into service on Missouri Pacific Lines were ordered three years ago....Here's how private capital boosts British output. Remington Rand is shipping $2,000,000 worth of machinery to Glasgow to make typewriters, shavers for British export....Air age note: Customs reports passengers arriving in U. S. from foreign ports last year totalled 616,636 by surface vessel, 901,318 by air....France reports 96 per cent of her prewar hotel rooms are ready for tourists this summer....Day after President announced he would address special joint session of Congress, Army had flood of applicants—for public relations posts.



National Mechanized Accounting

speeds industrial record-keeping!

These two National machines provide a *complete* industrial accounting system. Some companies can handle their entire accounting, including payroll, on the National Multiple-Duty Accounting Machine shown in the foreground. Others find the National Payroll and Distribution Machine essential for a higher production schedule.

The cost of keeping industrial records by hand has now reached a point where *mechanization*'s speed is the only answer. This is equally the case with banks, hotels, laundries, hospitals, department stores, and other businesses—for the highly specialized needs of each of which National offers an individually designed time-and-money-saving National Mechanized Accounting System.

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This handsome brochure presents in detail the forms and records of a *complete* mechanized accounting system for industry, large or small. Ask your local National representative for your free copy.

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TRENDS



OF NATION'S BUSINESS

The State of the Nation

IN 1885 a great English jurist, Mr. A. V. Dicey, published a study on *Law of the Constitution* which has become a classic for students of representative government. While primarily concerned with British political institutions, Mr. Dicey's book made many interesting observations on the Constitution of the United States.

Especially significant to us, at the present time, was his comment on the function of the presidential electors, as laid down in Section 1 of Article II of our Constitution. The electors, this English scholar asserted, "have become a mere means of voting for a particular candidate; they are no more than so many ballots cast for the Republican or for the Democratic nominee." Then, recalling that the royal assent has not been withheld from an Act of Parliament since 1707, Mr. Dicey concluded:

> "The power of an elector to elect is as completely abolished by constitutional understandings in America as is the royal right of dissent from bills passed by both Houses . . . in England."

These observations call attention to the implications of the southern revolt against the Truman Administration. Until Feb. 26, 1948, Americans would have been inclined to agree with Mr. Dicey that the presidential elector has become a mere anachronism. But this ceased to be true when Governor Tuck of Virginia asked the General Assembly to re-establish some freedom of choice for the electors in that State.

The immediate intent of the move is, of course, to free the Democratic Party in Virginia from any trace of obligation to President Truman as a candidate for re-election. But its deeper effect might be to revive the purpose for which the Electoral College was originally established. Those familiar with *The Federalist* will recall that this original purpose is examined in No. 68 of those famous political essays. In that particular essay Alexander Hamilton argued that the system of presidential electors:

> ". . . affords a moral certainty that the office of President will never fall to the lot of any man who is not in an eminent degree endowed with the requisite qualifications."

Virginia Plan

The long-range implications of this Virginia plan are tremendous. But what first attracts attention is the magnitude of the political disintegration which is causing southern Democrats to turn back towards the original American conception of a President chosen by indirect election. As Mr. Dicey suggests, this development is as important and as startling as would be the case if King George VI of England should suddenly decide to block the enactment of legislation duly approved by Parliament.

That the Democratic Party is literally falling to pieces is a phenomenon now beyond the possibility of concealment. The first and natural reaction of the average citizen—whether joyous or



From left to right—who's right?



"We CAN convert to aluminum! It's adaptable to almost any product!" He's right! There's an alloy of Kaiser Aluminum for almost every type of manufacturing operation. Kaiser Aluminum can be formed, drawn, spun, brazed, welded, joined. It can be painted or polished, or finished in almost any way.



"Our competitors are converting and are taking our customers!" He's right! Makers of everything from general appliances to garage doors, from toys to trailers, have converted to Kaiser Aluminum, are finding their products *more saleable!* Today, more than 1,000 manufacturers are making hundreds of different products out of Kaiser Aluminum.



"But aluminum costs too much!" He's *wrong!* Aluminum is now at *the lowest price in history!* Figure aluminum on a *unit cost basis*—not per pound—and you'll find that it compares favorably with any other metal or material. Besides, delivered price includes freight charges, and substantial savings are made on handling, finishing, shipping.



"We can be sure of a steady, long-term supply!" He's right! Permanente Metals, in less than two years, has added millions of pounds to the nation's annual aluminum production. And, you can be certain of *on-time* deliveries. Call any of our offices and an experienced sales engineer will demonstrate how *you* can convert to Kaiser Aluminum!

Kaiser Aluminum a Permanente Metals product

SOLD BY PERMANENTE PRODUCTS COMPANY, KAISER BUILDING, OAKLAND 12, CALIFORNIA . . . WITH OFFICES IN:
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sad—is that this disintegration insures the election, in November, of almost any Republican nominee. It begins to appear that the new party of Henry Wallace will roll up a considerable popular vote. But, so far as the presidency is concerned, the larger this vote the greater the Republican opportunity.

The thoughtful citizen, however, is not likely to cut his thinking short with the immediate consequences of the Wallace separation and the southern revolt. The country comes ahead of party. And the first duty of citizenship is to understand a phenomenon as far-reaching as is the disintegration of one of the two major political parties, while still in control of the executive power which it has now wielded uninterruptedly for more than 15 years.

This is not the mere repudiation of a political party, such as happens with every change from Democratic to Republican administration, or vice versa. This is a collapse concealed only by the power of patronage to hold a moribund organization together. So there is something at stake here, beyond the quality of Mr. Truman's leadership, or lack of leadership.

Reason for Parties

The significance of the profound political upheaval now in process becomes more clear if we attempt to answer a simple but searching question: Why do we have political parties?

Only an utter cynic, and one profoundly ignorant of American history at that, could argue that parties exist merely as a device whereby an organized group obtains control of government, and the spoils of office.

If that were the chief reason for the party system, it might as well be abandoned altogether. There would be no loss in substituting that outright dictatorship of a privileged group for which the Fascists, Nazis and Communists all stand—with minor differences in their respective tyrannical methods.

But a party is much more than an organization for political spoil. A party exists to give substance and strength to some political principle, and to make effective the aspiration of having that principle applied by government. If there is no central and enduring principle, uniting citizens with a common viewpoint in different localities, then there is neither soul nor life in the so-called party. Under that condition its eventual dissolution is certain. The individual members, who alone give the party meaning, will either join other, more positive, political groupings, or will form a new party to express their aspirations.

During most of the past 15 years, the Democratic Party has been cleverly, but not intelligently, led. Franklin D. Roosevelt was a politician of great skill and personal charm. And with the emergencies of depression and war to help him, Mr. Roosevelt was able temporarily to unite discordant groups, giving the appearance of unity to what was really a jumble of conflicting purposes and beliefs.



The glaring over-all fact today is that the absence of principle in the Democratic Party has become apparent to everyone. And since the party is on the whole composed of men and women with principles, they are deserting a political organization which has ceased to stand for anything inspiring.

Actually these people are not leaving their party. It is the party which left them, by abandoning the principles for which it stood.

For Individual Welfare

The Democratic Party, since Jackson's day, has stood for the welfare of the common man. But since the time of Jefferson, it has also stood for the protection of the individual against the insidious encroachment of centralized government. Mr. Roosevelt adroitly made reconciliation of opposites appear plausible. He argued that a strongly centralized federal government could bring all sorts of benefits to everybody without affecting the constitutional rights of either the states or the people. This argument was always unprincipled, and what is unprincipled is—in the long run—impossible.

So there is a moral as well as a tragedy in the breakdown of an historic party, now losing adherents both to the communistic and the conservative camps. It is not easy in a country as vast and diverse as the United States to maintain a two-party system on the basis of true principles. Always there is the tendency to compromise with principle in order to placate a particular interest or please a particular locality. Yet today it is more vital than ever to maintain the two-party system.

As the history of Europe shows, the confusion attendant upon a multiplicity of parties plays directly into the hands of tyranny.

There is a skeleton at the feast of those Republicans who are rejoicing at the defection of the Wallace-Taylor Democrats on the one hand, of the antipodal southern Democrats on the other. It is not a time for superficial rejoicing. It is a time, rather, for emphasizing the principles of Republicanism, without the equivocation which has proved fatal to the Democrats. For a party without principles is like a body without a spirit. And when the spirit has fled, nothing worth saving remains.

—FELIX MORLEY

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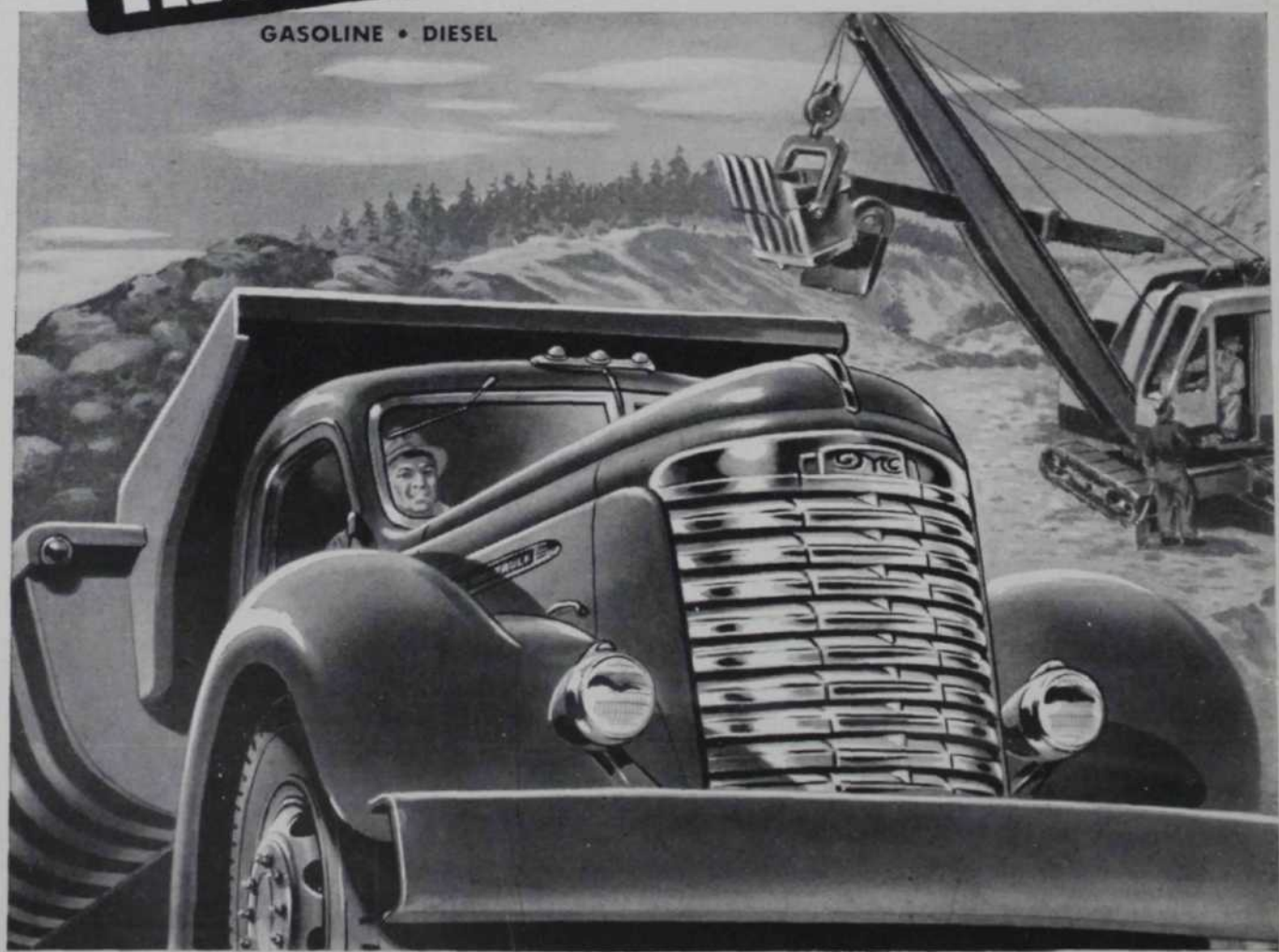
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The Month's Business Highlights



A MUCH more supportable situation has developed because the country has had the good luck of experiencing a spectacular drop in some basic prices. With the disturbance caused by the "adjustment" blowing over, the savants in the field of forecasting cling to the belief that no fundamental change in the economic structure is in the cards for 1948. When prices are at an artificial level, those who buy and sell naturally are skittish. With large funds available to play each side of the market, sharp fluctuations are to be expected.

Low Prices Bring More Clamor

An amusing feature of the break was the reaction of some of those who had been clamoring loudest for lower prices. When prices really started to go down they hurriedly began covering up their tracks. This may have been more true in political circles than it was in business, but there were plenty of cases in each camp. It does not take much in the way of brains to operate on a rising market—to sell at a profit when prices are going up—but it takes ability to manage when values are crumbling.

Forecasters are influenced by these factors: the demand is still here; the supply is still short; money is still abundant; there is relatively little debt; speculation in inventories is not excessive. The weakest spot is the unreceptiveness of the capital market. Ultimately this may discourage expansion of industry, but as yet there has been no such manifestation.

Demands for capital have been increased by the trend toward mass production in the heavily handicrafted industries. Good examples are had in what is taking place in furniture and jewelry manufacture. Growth of mechanization in agriculture has surprised all observers. Farmers are taking full advantage of their increased income and easy credit to buy machinery.

The principal lure has been the desire to increase output while prices are high. Important considerations also have been the shortage of manpower, high wages, and a general increase in production costs. The effect is particularly noticeable in the South where mechanization means less dependence upon the more inefficient in the labor group. With the return of more normal conditions, unemployment seems likely to develop. This probably will mean the migration of large numbers of Negroes to other sections. A net gain will result if industrial employment is found for the migrants from the farm. Negro labor is much more productive when closely supervised.

Prices usually decline in the early months of the year. The decline this year was spectacular because only a few commodities were principally involved. Last year the shake out was nearly as great, but it was much broader in its scope. A change in crop prospects could push prices to higher levels. The general feeling is, however, that the peak of farm prices is behind us.

If crops are good, the outlook is for much lower grain prices. This is expected to be particularly true of corn because it is primarily an animal feed. There has been a sharp decline in the number of animals to eat it.

The situation differs greatly from that prevailing in 1921, when most demands had been satisfied. There was no Marshall plan then. It would have made a great difference in 1921, if $5,000,000,000 of buying power had been available to Europe. At that time there also was much heavier private indebtedness as well as an unsound inventory situation and widespread speculative withholding of commodities.

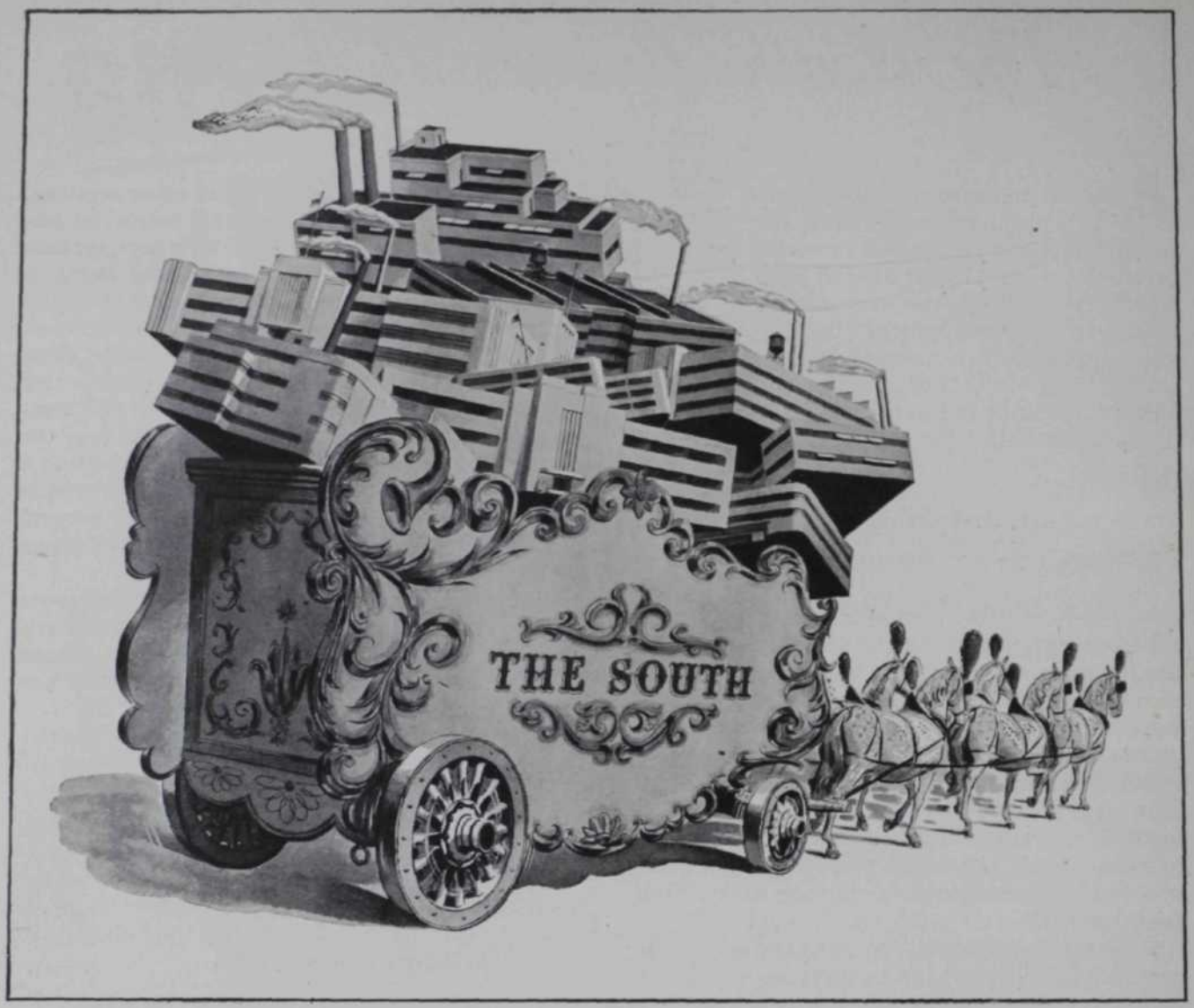
Years of High Demand

Much of the present demand seems certain to extend over a period of years. The full European recovery program contemplates a period of four years. It will take nearly as long to catch up with the demand for steel which is coming from the petroleum industry, construction activities, the automobile manufacturers, the builders of rolling stock, and the makers of agricultural machinery. Such demands will not fade out because of a flurry in a few commodities.

Prices of manufactured goods are not nearly as far out of line as are those of agricultural products, but they are at a level that discourages some of the demand.

The future of residential housing is uncertain. This has an important bearing on employment and on the building supply industries generally. Lumber, in particular, would be hard hit were the housing program to lag.

The break in prices had the effect of bolstering the support for the Marshall plan. It also came



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Ernest E. Norris
President

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in time to make tax reduction the more certain. Agricultural price parity formulas were not toned down when everything was booming. The prospect is less promising now that it has been demonstrated that farm prices are vulnerable, but some revision of a few parity formulas is likely.

Increased Production Due to Russia

Business in every line is feeling the effect of the additional acts of aggression by Russia. In meeting that menace, an increase in the production of certain items is imperative. Many are of the opinion that mere output in various lines can be obtained more quickly in Europe. Expansion there would not draw as heavily on our capital goods as would the increase in domestic capacity. Even were the manpower available, expansion on the scale necessary would incur the danger of creating production capacity that would not be needed once the peak of the present demand passes. Iron and steel output already is more than 100 per cent greater than prewar. Machinery manufacture has increased even more. For durable goods as a whole production is up close to 150 per cent. That is the situation which prompts the idea of giving more attention to augmenting capacity in Europe.

The increased certainty that the United States will stand behind the Marshall plan countries has focused more attention on steps that can be taken to ameliorate the effect on the domestic situation.

Detailed controls of the wartime variety are not likely to be reimposed, but less direct restrictions may be forthcoming. It is realized that inflation cannot be allowed to reach the point of arousing fear as to the future value of the dollar which prompts conversion of money into property and goods. New safeguards against inflation are regarded as inevitable when the Marshall plan really gets under way. Rapid rise in the price of any item might be checked by regulating its flow abroad. On a long-term basis the effect of the foreign aid program will be to exert pressures on prices that will have to be reckoned with.

Uncertainties in the foreign situation are seen as one of the reasons why American investors are slow in absorbing the stocks and bonds of private corporations. Lack of confidence in the immediate future is not widespread, but concern over long-term prospects is universal. This latter attitude is not likely to change until there is definite evidence of an improved situation in western Europe. Developments in that field could be rapid, however. Russian specialists emphasize that the Soviet authorities are capable of amazing changes in policy. Once they are convinced that western Europe can stand on its own feet, they may feel they have more to gain from cooperation than from obstruction.

Rather than attempt any large-scale increase in capacity which would add greatly to the demand for scarce materials until the new facilities can be brought into production, the trend of attention is toward greater productivity. A recent report on the subject by a committee headed by James G. Lyne of *Railway Age* says individual productive efficiency should be increased quickly and on the broadest possible scale. Management is not spared in assessing the blame for the ignorance and suspicion which surround the use of incentives.



As the opposition to incentives comes largely from labor leadership rather than from the workers, it is suggested that management undertake a vigorous program to modernize production facilities and give such assurance as will encourage enlightened labor leaders to cooperate. The opinion is expressed that much of the hostility to plans for increasing productivity can be broken down by establishing that a higher level of efficiency is an essential basis for higher real wages as has been demonstrated in numerous plants where incentive plans have been tried out thoroughly.

• • •

In closing its doors on a long list of American products, Canada is making it necessary to divert more than $300,000,000 in goods to other consuming areas. While other markets are available to absorb the goods intended for Canada, the order restricting imports has made necessary troublesome adjustments on each side of the border. Canadians have been spending an average of $220 each in the United States, while the American expenditures in Canada have averaged $12. In the effort to assuage the dollar famine, Canada is staging a drive for tourists and is urging that means be found under which she will have better access to the American market.

• • •

Because of its bearing on future markets, the first edition of 5,000 copies of the Census Bureau's 150 page forecast on population trends was sold out before it was printed. The report strengthens the position of those advocating increased immigration. A small proportionate increase in the group in the best working ages is shown. A striking feature is the prospective increase in the 65-and-over age bracket which presages important changes in demand for certain types of consumer goods. The total population in the United States in 1975 could be as large as 185,000,000, the report states.

—PAUL WOOTON

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Washington Scenes



THE DEMOCRATIC Party is staggering badly as it heads into the 1948 campaign.

Its extreme left fringe is gone, broken off by Henry A. Wallace. Its conservative right wing in the South is in a rebellious mood and threatening to "bolt" because of President Truman's fight on Jim Crowism. Its moderates in the center are worried and at times downright pessimistic.

Southerners like Byrd and George have been saying openly that the President "can't win." Some of the more cautious observers here, however, think that events abroad may have a profound effect on Mr. Truman's political fortunes.

The crisis in the party of Jefferson and Jackson has been a long time developing. It stems from the incongruous nature of the elements that Franklin D. Roosevelt crowded under his big political tent, elements which in some cases had even less love for each other than they had for the Republicans.

They included southern conservatives and New York Communists; reformers like Harold Ickes and big-city bosses like Hague, Flynn and Kelly; labor leaders and well-to-do capitalists; Negroes who deserted the party of Lincoln because they felt that FDR was their friend; Jews who rallied to him, first, because of the depression and then because he was their champion against Hitler; and, in addition, the party faithful north of the Mason-Dixon line who could always be counted on simply because they were Democrats.

Democrats of Varied Groups

Let's see now what has been happening to this strange political army.

The southern Democrats, still mindful of Reconstruction and of Negro legislatures supported by carpetbaggers from the North, were bound to react violently to Mr. Truman's proposed reforms for their part of the country; the more so because he himself is the grandson of a Confederate soldier. They contend that they have been making progress in their handling of the racial problem and need no guidance from the White House.

Party strategists in Washington have been inclined to believe that nothing will come of Dixie's talk of bolting. Still, they admit that they could be wrong. After all, they say, if a political party is bent on slitting its own throat, there is no law against it.

The Communists and fellow travelers, who make far more noise than their numbers would justify, are definitely off the Democratic reservation and are whooping it up for Wallace and a third party. Ordinarily, they would cheer Mr. Truman's efforts to help the Negroes. With them, however, first things come first, and their No. 1 concern is Russia, always. They are behind Wallace because Moscow wants it that way.

Ickes and his like are bitterly anti-Truman. The big-city bosses don't seem to be able to get the vote out as they once did. As for the Negro voters in the North, they began drifting back to the G.O.P. in the '46 election; and it seems doubtful if Mr. Truman can halt the trend or another that appears to be heading for the Wallace ranks. The Jewish vote, highly important in pivotal New York, has been going back to its old alignment—a somewhat equal division as between the two great parties. However, Wallace has moved in here, too. In the recent special election in the Bronx, held to fill a House vacancy, the Jewish vote was believed to be decisive in electing Leo Isacson, a Wallace protégé. Dissatisfaction with Mr. Truman's handling of the Palestine question was the major issue.

Schism on Both Sides

Looking at the situation from Mr. Truman's standpoint, it is hard to see how he could have avoided the schism on the left. Had he tried to play ball with Wallace, as some wanted him to do, he not only would have been branded an "appeaser" but would not have been acting in the best interests of the country.

So far as the uproar on the right is concerned, he could have saved himself that by simply doing nothing. However, he took the position that a Chief Executive must have a regard for all elements in the American society, including minorities which feel that they are the victims of discrimination. Accordingly, he appointed a Civil Rights Committee headed by Charles E. Wilson of General Electric. Once that committee made its report, Mr. Truman had the choice of two courses of action—to adopt its recommendations or to repudiate them. He chose the first and sent the Wilson recommendations to Capitol Hill, where they met with an angry cry of "politics" from the southern lawmakers.

Perhaps the greatest paradox about the Democratic Party right now is this, that, while it flies

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In Shoe Stores...

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the banner of liberalism, it has a highly influential element that came from Wall Street and the Army.

This has caused Candidate Wallace to work himself up into a furious lather. He has been charging that the Administration's "Wall Street-military team . . . is leading us to war." Meantime, he has been telling the voters that peace can be had "if we only want it."

From all indications, Mr. Truman feels that this Wall Street-military team is the glory of his Administration.

Secretary of Defense James Forrestal, lone survivor of the Roosevelt Cabinet, he regards as one of the ablest men in government. W. Averell Harriman, who has Wallace's old job at Commerce, he rates high for two reasons—his business background and his knowledge of Russia. Under Secretary Robert A. Lovett, or some financier like him, would appear to be absolutely essential at the State Department right now, when billions of American dollars are about to be used in the reconstruction of Free Europe.

The President's estimate of Secretary of State George C. Marshall is well known in Washington; he has been heard to say that the wartime Army chief of staff is "the greatest American of the age." He also has a high regard for another soldier-statesman who riles Wallace, the tough-minded and realistic U. S. Ambassador to Russia, Lieut. Gen. Walter Bedell Smith.

Mr. Truman looks upon these men as aces in the high-stakes game that is now being played, in which the peace of the world is involved. Needless to say, he does not believe, with Wallace, that peace can be had "if we only want it." Unhappily, it is not that kind of a world.

New Dealers Are Unhappy

No appraisal of the Democratic Party of 1948 is complete without a mention of that element that used to be called the New Dealers. They are going to go along this year, but they are not happy. They simply do not understand Harry Truman. He baffles them.

They still remember that, in the railroad strike, he asked Congress for power to conscript the workers. Not even his veto of the Taft-Hartley bill has made them forget it. But the most puzzling thing of all, as they see it, is that he has continued his unorthodox conduct right into a campaign year.

One day Mr. Truman will send a State of the Union message to Congress, and the New Dealers, finding in it all the old unrealized Roosevelt reforms, will say, "Well done; that was certainly in the Roosevelt tradition." Next day, or next month, they will be in despair. They will have discovered that Mr. Truman has deviated again. It may be that he has fired James Landis, the old Roosevelt brain-truster of the early 1930's, from the Civil Aeronautics Board. Again he may have demoted Marriner Eccles in the Federal Reserve Board, and, what is worse, named a Philadelphia Republican to take his place. Why does Mr. Truman do these things?



Sometimes it looks to the New Dealers as if he just doesn't give a damn. The most charitable thing they can think of to say is that he doesn't have Roosevelt's political sagacity or his instinct for public relations.

Disregard for Politics?

A more flattering explanation was once given to me by a member of the White House inner circle, a man who served under both Roosevelt and Truman. He put it something like this:

"When Roosevelt was about to do something, he would hesitate and ask himself, 'What will the reaction be?'

"When Mr. Truman is getting ready to do something, he asks himself only one thing: 'Is it right or wrong?' "

The fact of the matter is, Mr. Truman is a hard individual to catalog. He is a "plain man" from Missouri, yes, but a plain man can sometimes be harder to label than a smart aristocrat like Roosevelt. Apparently, Mr. Truman dislikes labels. For example, while he talks about "progressive liberalism" in connection with the Democratic Party, he never refers to himself in private conversation as a "liberal."

The President continues to talk about his shortcomings for the job. Nevertheless, he is going to try to stay on; for, despite his modest estimate of himself, he still thinks he can do better than Dewey or Taft.

To sum up, the outlook for the Democrats at this stage is dismal in the extreme. Party strategists frankly admit it. What the organization is up against, they realize, is not only schisms and revolts, but the accumulated woes of 16 years of national control—creaking machinery, tired leaders, and the absence of fresh ideas.

The most they claim for their party now is "a chance." They believe (or hope) that history will be against Wallace; that is, that Russia's plug-ugly tactics will rob him of much of his non-Communist following. They believe (or hope) that the situation in the South may be smoothed over. Finally, they try to tell themselves that when the campaign is over in this year of booming prosperity, there just won't be enough reasons to turn on Mr. Truman and the country's oldest party. —EDWARD T. FOLLIARD

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MISTAKES

Business Men Make in Politics

By JAMES A. FARLEY

I USED to be in politics. Now I am in business. I have had an excellent perch and ample opportunity to study the faults and virtues of those on either side. Business men and politicians, who should pull together as a team, shun double harness out of distrust and ignorance, and it must be acknowledged, on the firm conviction of both parties, that profits and elections do not keep steady company.

From my experience as a politician, which spanned more than 30 years in town, county, state and national arenas, I find that business men err in considering politics and corruption synonymous. It may be granted that some practitioners of the art of government have given cause for such suspicion, just as some men of commerce have had none too nice a regard for laws. Happily and justly, these pirates have chiefly prospered in prison.

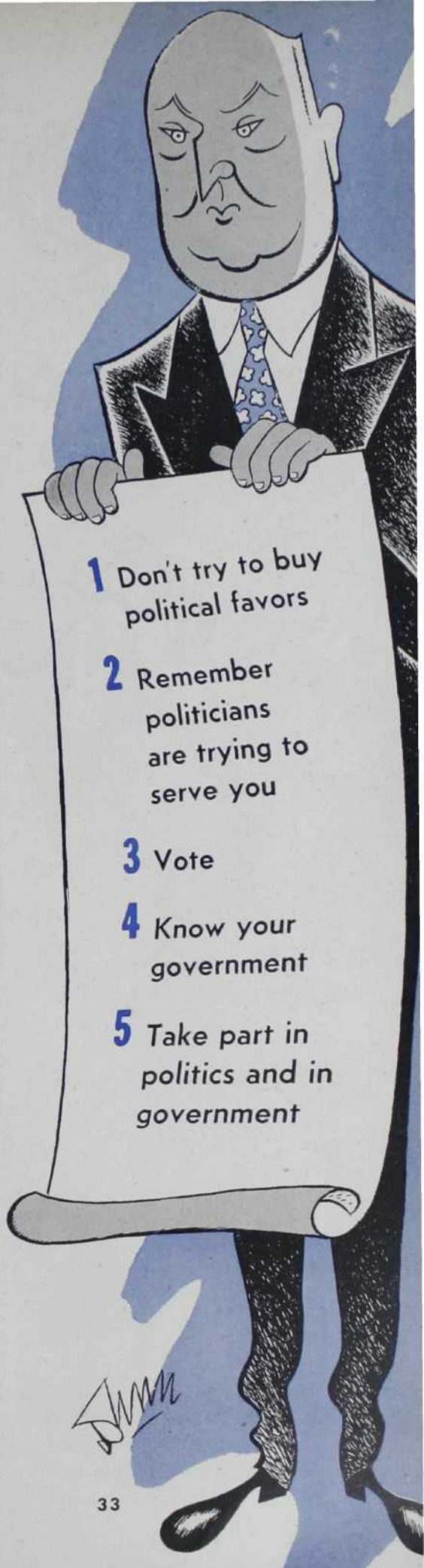
I have found the average business man believes that, when the politician isn't stuffing ballot boxes, he is stuffing his pockets—pockets that apparently cannot be quite filled, like the maw of Gargantua. Too often the business man regards his political brethren as a licensed band of thieves, much as he looks upon his Government as a curious institution licensed to pick his pockets every March 15. When he is not shunned as dishonest, the politician is avoided as unclean, a variety of untouchable given to flag waving and hot air.

As a matter of fact, the average politician is not unlike the average business man or, for all that, unlike the average citizen. He is no more and no less honest; no more and no less moral, and no more and no less human. Flatter him and he purrs; slight him and he sulks; hit him and the chances are, like any other American, he will throw a return punch unless he is flat on his back in unwilling star gazing. Like Judy O'Grady's husband and the Colonel himself, the politician and the business man are pretty much alike under the skin.

Both have something to sell. The business man sells his goods and the politician sells his word. True, the politician doesn't need much of a capital investment to begin manufacturing promises, but he must meet delivery dates. All that politicians have to offer is a pledge. If the man in politics earns a reputation for telling the truth, he wins confidence and honor and public trust. If he sets out to fool the people, he invariably succeeds in making a fool of himself. Honesty is good politics.

It has been said of me, and not unkindly, that I would not steal anything but an election. In my years in politics I have not been buttonholed by that particular temptation. I feel confident, however, that I would send any person who came with such a suggestion not only behind me but out the back door and over the fence. Most of the men I have known in public life would do the same. It has been my good fortune to know many great men in business and in politics, who have equally high senses of duty, honor and service. Although the pay in business is higher, the power in politics is mightier.

I never saw an election stolen and only once, in a long and active





Too often business men regard politicians as licensed crooks



Old Jack pulled a double cross when paid to vote Republican



Politicos are often amused by the way they are held in awe

political career, did I know of money being passed for a vote. It made a great impression on me at the time. I can still see the scene in my mind's eye in Wheeler's Hotel —the polling place in my native Grassy Point—in the McKinley-Bryan campaign, which for me, a boy of 12, was featured by the close race between Benjamin B. Odell, Jr., Republican, and Bird S. Coler, Democrat, for the governorship of New York.

With a number of playmates, I was standing outside the rail of the polling place when in came Jack Parker, a village character of bantam-rooster proportions and temperament. Jack's arrival had been eagerly awaited because it was rumored the Republicans were offering from $5 to $10 for Democratic votes. It was further rumored that Alex Rose, the town's Republican leader, had paid off Parker. The old man was deaf and his sight was failing so that he required the assistance of the election inspectors, Pat Heneghan, Democrat, and Billy Garrison, Republican.

"Jack, how do you want to vote?" Heneghan asked. Parker evaded the question with "Patsy, you know I'm a Democrat." Heneghan said he was aware of that fact, but had to know how Jack wanted to vote. Parker drew himself up to the last of his five feet, three inches, took a deep breath and declaimed, "The straight Democratic ticket." Knowing, like everyone else, that Parker had accepted money to vote Republican, Heneghan put his question again and got the same answer. As the old man cast his vote, Rose's face was a study in embarrassed rage. Everyone present—Republicans and Democrats alike—burst into laughter. The smoldering Rose followed Parker out of the polling place to berate him for not keeping his word—and to get back his $5. When Rose demanded return of the money, old Jack drew himself up again and solemnly declared, "Anyone paying me to vote anything but the straight Democratic ticket isn't entitled to get his money back."

I am afraid old Jack wouldn't have qualified under the definition of honesty propounded by Simon Cameron, Republican boss of Pennsylvania and first Secretary of War in Lincoln's Cabinet, who said, "An honest politician is one who, when he is bought, will stay bought." The belief that a politician must be bought persists to this day, so much so that many business men cannot think of approaching a man in public life without pondering what gifts they should bear. In all fairness, it must be said that the business man is not always motivated by mercenary instincts. Offers are frequently based on genuine friendship.

Men of business are invariably astounded at the disparity between public salaries and responsibilities. In my own case, one of the nation's most prominent industrialists offered to carry me on an inside account, a proposal which would have made me wealthy. He was puzzled and hurt when I rejected the offer, insisting that he wanted nothing in return and that the transaction was entirely legal. He could not see, because he was seeking nothing in return, that I could not in good conscience accept financial independence that came even indirectly from my role as a public servant. I am sure that to his dying day he regarded me as a nice fellow but a bit stupid financially, and had something there, I must confess.

Actually public officials should be regarded as servants and counselors in government. If the business man is perplexed over some phase of his relations with government, he should consult an expert and that expert is the man who has made a career of politics. It has never failed to amuse me to find men of business pathetically grateful when a man in politics gives them a few minutes of his time. They are not aware that it is the job of the politician to meet people. The business man should remember that he, too, has a vote and is welcome for that reason alone, if for no other.

The ballot as protest

FREQUENTLY I have heard industrialists exclaim with Huck Finn's father, "I'll never vote again . . . and the country may rot for all of me." Such exclamations usually follow defeat of their candidate in elections or disapproval of the course of the party or men in office. The avowed course is ridiculous, of course, because by it the declarer surrenders his only means of protesting. The ballot is the only means of participation in government for many citizens.

Often men are ludicrous in their attempts to influence votes and elections. It will be recalled by many that an outstanding industrialist urged his workers to vote the Republican ticket in 1932 and neglected to register himself. We seized on this humorous situation

to make much Democratic capital. Attempts of business men to influence voting—usually through paid advertisements or even duller pamphlets—are largely ineffective and often laughable. More often than not, politics is a dream world in which they find themselves, to their horror, wandering around as naked as a jay bird. You can lose your shirt in business but you can also lose your pants in politics, especially if you don't know the fundamentals of the game.

Business men can best influence votes, as do politicians, by gaining confidence. This can be done by demonstrating that labor and management are a partnership mutually advantageous where there are pride in performance and fairness in division of profits. The best interests of both labor and management are not so divergent that they cannot be advanced by one party.

Mistrust of government

IN MY years in politics I found many business men carried their mistrust of politicians to their government. Many still look on their government as their sworn enemy. Others regard it much as a timid husband looks on a domineering mother-in-law. This is the more curious because the man of industry should accord the American Government a measure of respect in that it constitutes the biggest business in the world. Of course, it would appear that it is the only business which can apparently operate in the red better than in the black. But we in business are told that is something to be desired but not emulated.

It cannot be denied that those in business have some ground for their suspicions. Ever since business began growing out of its nineteenth century clothes, it has been subjected to government restraints, most of them offered like sulphur and molasses "for your own good." A good many have been not only necessary but admirable, while others have been offered because there are more worker votes than boss votes. In this connection it might be noted that there is a widespread belief that big business dominates the government and public officials. If that were true, then politics might be defined as the art by which the common man controls big business, which fancies it is controlling him. To put it more succinctly, one might say that politics is the belling of the fat cats of big business by the little fellows.

At any rate, the business man is inclined to shy away from his government as he shies away from the politician. When he deals with his government, he prefers to do so through a lawyer or some other intermediary.

I have been amazed and amused over the lack of knowledge of respected business men of the most trivial and commonplace services of their government. In my time in office my desk was snowflaked with letters of gratitude for answering inquiries, which answers were readily available to any citizen who might send a penny post card to the appropriate government bureau. I have known business men to stammer and blush in approaching me to ask how they should go about getting an appointment to Annapolis or West Point for their sons. Such men have wrung my hand effusively when I told them what every school boy knows, that their senator or representative might make the appointment if asked or at least permit the boy in question to take a competitive examination for an appointment.

These are small things, but they serve to illustrate the point that men in the marts of trade do not know the many services offered by their government. Not all the lack may be charged to suspicion or fear; some may be charged to neglect and more to occupation with making a living in a highly competitive world. A good deal of the business man's concern with his government comes from the fact that its charges are constantly multiplying on the debit side of his ledger. In these moments he is prone to cast himself in the role of a sleighing Muscovite forced to toss his financial offspring to pursuing wolves.

Congress needs opinions

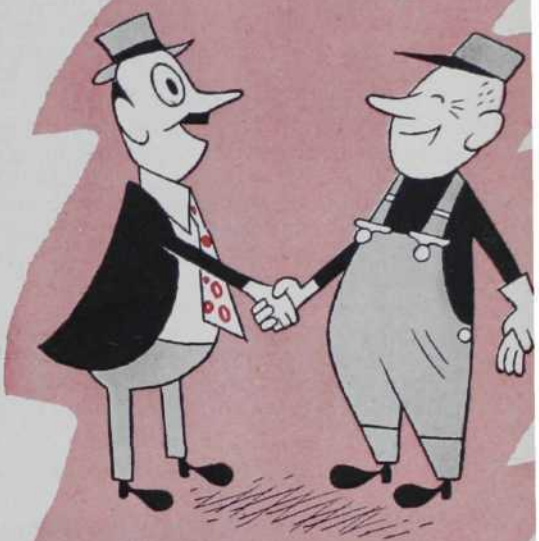
NOW and then he finds himself standing in the need of aid from his government. At other times he finds himself deeply concerned with government when a bill he considers injurious to his interests is introduced or passed. On such occasions his interest is roused to the extent of writing a letter or even making a trip to Washington. Few business men are aware that lawmakers are frequently as interested in hearing his story as he is to tell it, because knowledge of all sides of a question enables them to cast a more intelligent vote.

The average business man looks on political conventions, caucuses and the like as cabalistic rites in which politicians of all parties take

(Continued on page 76)



Swear off voting and you lose your only means of protesting



Want to influence votes? It's done by winning confidence



Most business restraints come tagged "For your own good"

Joseph Built the First

FREE MARKET operations may seem unusual to you, but they are based on 100 years of experience in trading

GUS HENNIG'S arm swooping down at the precise moment of 9:30 each weekday morning has an electric effect on several hundred men, boys and girls.

When the arm descends, a gong booms, telegraph instruments clatter, the boys and girls rush about a mammoth hall and the men shout in high, excited voices, frantically waving their arms at one another. Visitors may suspect this is bedlam created by the human mind's disintegration in the atomic age. Actually, it's all quite normal and routine.

It's just the Chicago Board of Trade beginning another day in its 100 years of hectic existence.

Hennig is a Board employe. Each day it's his job to start trading. Sometimes dealers begin shouting before his signal, which causes Hennig to look at them with disapproval.

An urge to trade is no new development. Today's bell descends from a Chinese gong once pounded at the close of each session. That procedure became necessary because brokers wouldn't stop dealing at the appointed time. An employe carried the gong into the pit and beat it so long and so hard that brokers could no longer hear one another. That sent them home.

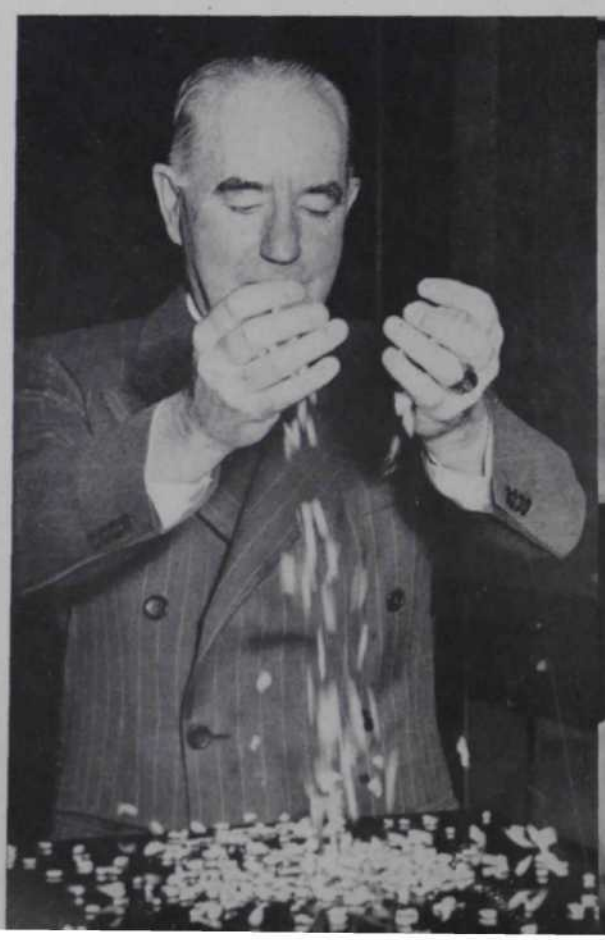
Most shouting arises from octagonal pits on the exchange floor where grain is dealt in for future delivery. These are called "futures." A future is a contract to deliver grain, and to accept delivery of grain, at some future time. If you agree to accept delivery, you are buying; if you agree to deliver, you are selling.

Futures are traded for specific months—usually May, July, September and December. If you buy 5,000 bushels of December corn, the grain will be delivered to you before the end of that month unless you cancel out the agreement by selling 5,000 bushels before December ends. If you sell 5,000 bushels of December corn, you must deliver the actual grain by the end of that month unless you cancel out the contract by buying before that date. That's all there is to it.

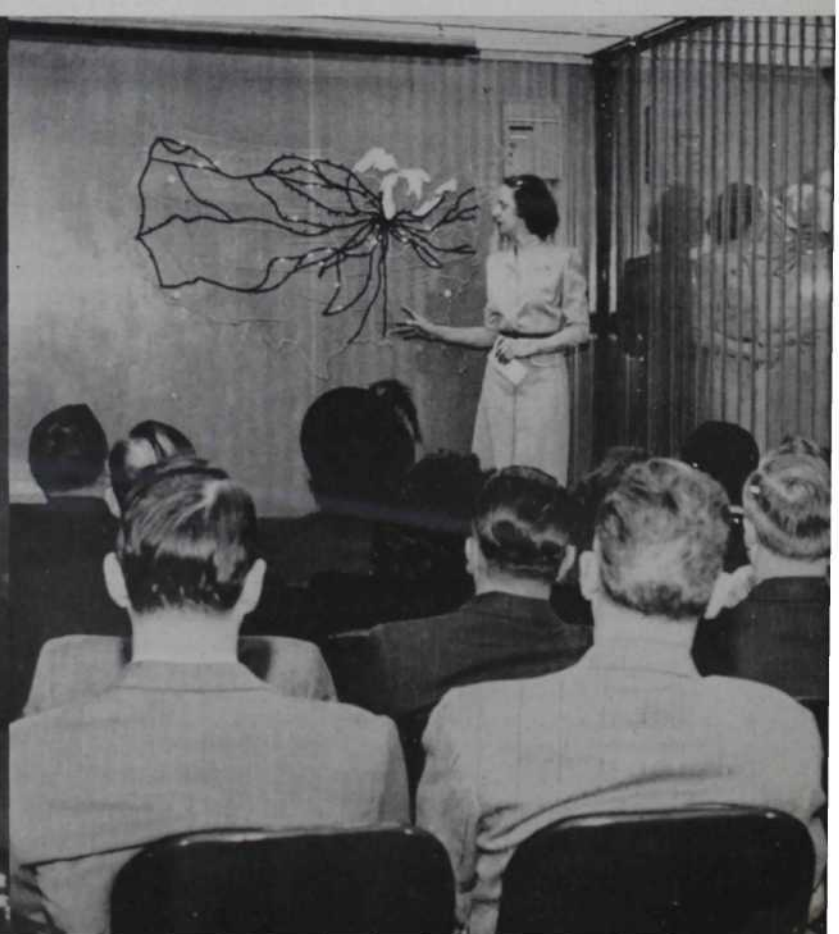
Grain is big business in America. Right now, it could be called the country's—and the world's—most important business. Ever since the war ended, American grain has held the western world together. The heart of the system which gets that grain off America's fields and into the mouth of an Italian wine merchant or a French dock worker is the Chicago Board of Trade. And trading in grain futures is an essential part of that marketing system.

This trading—with modifications—has existed since a small group of business men organized an exchange to provide a central market place with

J. O. McClintock runs the Board's business



The intricacies of trading are explained to visitors



Grain Pit

By WILLIAM FERRIS



Don't be surprised at the bedlam in the pits. It's all quite normal and routine

established rules for buying and selling. That was the first Monday in April, 1848. This year, with many a fond look backward, the Board is celebrating that event.

Few people showed up at the Board in its early years. To attract them, directors decided to provide a free lunch of cheese, crackers and ale. That brought in the crowd, all right, but not all were members. Thereupon the Board hired a bouncer to throw out deadheads. The next year the bouncer himself got the heave-ho when he tossed out several members along with the hungry strangers.

In the Civil War, when the Union Army needed oats for horses, the Board, Chicago and the northwest grain territory all boomed together. To be sure of its supply, the Army bought grain, particularly oats, for delivery in the future—and that was the stimulus which started today's great trading in futures. The grain men traded in the Board room in the morning, on the street in the afternoon and in the saloon of the Tremont House in the evening. One night, the serious drinkers, disturbed by all the shouting, chased the traders over to the Sherman House, which had a larger saloon.

One man in this group was Benjamin Peters



Back in 1888 Old Hutch (left) engineered a corner in wheat. When Joe Leiter tried it, he lost and P. D. Armour (right) cleaned up

Hutchinson—easily the most famous plunger in Board history—who single-handedly engineered a corner in wheat. He did that in 1888, long after he had passed his prime.

Cornering the market was a popular pastime in the old days. It meant this: A man purchased all, or almost all, the grain in storage at Chicago. (Only grain actually stored in Chicago could be delivered on futures contracts.) After that, the man bought enormous quantities of grain for future delivery. When the delivery date came around, those who had sold the futures were in this fix: They could buy grain in storage to fulfill the futures contracts only from the man who had also bought the contracts. That man could arbitrarily set the price at which the sellers had to settle with him, restrained only by his conscience or public opinion. Sometimes, neither was very strong.

Old Hutch, as Hutchinson was called, purchased wheat for September delivery in early 1888. He was lucky. A crop failure in the northwest helped him. Wheat was scarce and, when September rolled around, the grain trade discovered Old Hutch owned nearly all of it. He sat on his chair on the Board floor and watched prices soar. He had bought at less than $1 a bushel. On September 25, wheat opened at $1.05. He let the price run up to $1.28. The men who had sold to him—the "shorts"—begged for mercy. He told his broker, "Let 'em have what they want at $1.25." The desperate shorts stood in line to get the wheat.

But not all shorts accepted this bondage. Some threatened to hire special trains to bring wheat into Chicago from St. Louis. Irked, Old Hutch set the price at $1.50 the next day. Only a few infuriated shorts settled there. The next day Old Hutch made it $2.

"Wheat's worth it," he said. "I get up in the morning and read four or five papers before the rest of these men are out of bed, and I know what's going on."





J. A. Patten cornered the four big futures markets. Right: The Board of Trade

Old Hutch's story ended in tragedy. He lost heavily in subsequent years and took to drink. In the last years of his life he operated a second-hand notion store in Manhattan under the shadow of Brooklyn Bridge. He had bought a seat on the Board for $5, run it into $10,000,000, and then lost it.

Corners end in tragedy

WHAT Hutchinson did, other men have tried. A year before the Hutchinson coup, the Board produced Edward Harper—"Crazy" Harper. He was vice president and general manager of the Fidelity National Bank of Cincinnati. Harper bought about 14,000,000 bushels of wheat before his corner collapsed, dragging 17 commission firms down with it and devastating commercial life in Chicago. Two days after the collapse, a United States marshal swooped down on the Fidelity, closed its doors and arrested Harper. The bank was gutted. Harper had stolen everything to speculate in wheat.

The Harper corner was broken by Board directors, who have never looked favorably on this type of operation. They did it this way: To be deliverable on a futures contract, grain must be in an elevator designated "regular" by the directors. This designation is applied only if the elevator meets certain requirements, such as being on a railroad track. But, as the Harper corner developed, the directors declared every shack in town "regular," thus adding to the wheat supply. They even threatened to declare wheat "regular" if it was held in railroad cars, of which there were hundreds loaded with grain in the city.

Just before they sent him to the Ohio penitentiary, Harper howled, "The Chicago Board of Trade committed murder by changing the rules on me. It was a monstrous, atrocious thing to do."

Joseph Leiter had a nearly equally distressing experience, although he at least used his own and his father's money. Joe was 28 when he started to corner wheat and 29 when he stopped, but he had aged quickly. He was the son of Levi Leiter, partner of the famed Marshall Field in the State Street department store. Leiter bought large quantities of wheat for future delivery in 1897. One of those who sold to him was Philip D. Armour, the packer. Armour was an astute man. When he saw he was about to be caught on the short side of the market, he sent emissaries into the northwest and Canada, hired a Great Lakes shipping fleet, had tugs crash through the Lake Michigan ice, built a grain elevator in 28 days and brought the wheat down to Chicago, dumping it on Leiter.

This astounded Joe and worried papa Levi, who went to see Armour. "Papa Levi and I have become great chums," Armour wrote. "We have had our arms around one an-

(Continued on page 62)



PRESS ASSOCIATION

FOOD Housewives haven't forgotten the day when they applied for sugar ration books



ACME

NYLONS Remember how a nylon line often turned out to be a near riot—and not a line

The Queues Controllers Forget

By JUNIUS B. WOOD

"WE FOUGHT on 5,000 fronts," the housewives of America can answer whenever that old stand-by "And what did you do in the war?" is sprung in future years. Unlike after other wars, men will not reminisce alone over bygone battles.

When the Office of Price Administration reached its zenith in July, 1945, it had 5,661 ration boards scattered over the country. Each scored as a battleground—some sanguinary—in the greatest home front war in history. To them can be added the daily skirmishes in 2,000,000 shopping places. Fueling the family car may have been the worry of the man of the family but foraging for the makings of three meals a day or a razor blade for dad was a daily hike for the housewife. Casualties in tired feet and frayed tempers were heavy.

Changing from years of domestic economy where supplies were limited only by the depth of the family pocketbook to one where a coupon was a necessary permit to buy and where the shelves were often empty was a new experience for the United States. Becoming reconciled to a local board which exercised all the functions of legislature, executive and judiciary was even more difficult.

During the time that buying was by government permit, 5,194 commodities were either rationed or under fixed prices. Those most directly affecting the family consumer were: 1,018 durable articles, 240 on grocery shelves, 80 varieties of meat and 631 in textiles and leather goods. Compiling such a price list was a stupendous task. That only started the job. Changes in prices and ration allowances never ended. Without control of

NO MEAT Ever present was the hazard that the meat would run out before your turn

PRESS ASSOCIATION



NO GAS Even with a "C" sticker a motorist was apt to run into such a problem

INTERNATIONAL NEWS PHOTO





BLACK STAR

POINTS Housewives found they had to watch their ration points as well as their calories



WIDE WORLD

TOKENS Ration tickets weren't enough, so these tokens had to be added to make change

farm prices, food costs soared and when controls were imposed, bare shelves and counters resulted.

Though the computations occupied a regiment of employes, the more ambitious would have gone farther. Their idea was that the country could not be regimented thoroughly without a survey of its 50,000,000 pantries and clothes closets. If a can of beans was in the cellar or two shirts in a bureau drawer, they should be docked on a ration book. Washington, though always eager to find jobs, never got to that but the possibility was so well ballyhooed that more than one family outdid Captain Kidd in hiding hoarded treasures. The nearest approach to a census of shelves and coat hooks was on sugar. Big consumers were inspected. Ration boards took an individual's word for the amount in the home cupboard and issued coupons accordingly.

Turning in worn-out shoes or rubber boots for a new pair was another bright idea. But compelling the well-dressed American to leave his old shoes at a ration board and shop barefoot until he found a store with shoes was too much regimentation. The compromise was to date shoe coupons so nobody could stock a surplus.

Conservation, too

A TUBE of toothpaste or shaving cream could not be bought unless a well-squeezed old one was turned in. This was metal recovery as well as rationing. In those days one razor blade did the facial mowing for an entire week. Ration boards bestowed orders for refrigerators, vacuum cleaners, stoves, automobiles, bicycles, tires and typewriters. As the military was taking all of the refrigerators and most of the other things, an order was merely a certificate of standing in the community. An adult could not get a bicycle and if his auto fell apart, he walked.

Drives to save rubber and old tin cans ran neck and neck. Tons were collected to be reprocessed while other tons rotted in the weather after collections stopped. One matron who turned in a slightly used tire with a glow of patriotism later was down to three and a blowout. Her ration board gave her an order to buy a tire suitable for recapping. According to her shouts which echoed across the nation, the suitable tire for which she paid $20 was the same one for which she had received 50 cents when she added it to the scrap drive.

These, like birthdays which come once a year, were only high spots in the day-to-day shopping as housewives garnered the family food. The first call would be at the butcher shop, possibly several

SMOKES Cigarettes became precious cargo and were protected in transit by guards

INTERNATIONAL NEWS PHOTO



COURTS Caught with their points down, these black marketeers wound up in court

WIDE WORLD





ACME

SEARCH OPA investigators missed few places in searching for black market meat



INTERNATIONAL NEWS PHOTO

ABATTOIRS Black market slaughterers often took 80 per cent of the supply

shops, before the supply promised to outlast the line of customers. Seasoned shoppers were punctual, arriving before a day's deliveries were due. They even knew which butcher was good for a veal, mutton or beef ride on each day.

Shops had different systems or none. In some there was a noisy scramble to get the butcher's attention. In others, lines formed in front of the coveted meat. Others had a stack of numbered tickets near the door, a system borrowed from the crowded bus stops of Paris.

Picking up a ticket was the routine on entering. As the butcher called the lowest number still out, another hopeful would step up. He would rattle off the variety for the day. A glare silenced anyone who suggested she was tired of mutton and wanted pork. Not what you want but what you can get was the rule. Ever present was the hazard that the sign "No more meat today" would go up before the cherished number was called.

Butcher shops closed early

THOUSANDS compelled to do their shopping after working hours were out of luck. Stocks would be sold out, often the store closed to give the proprietor an early start on counting coupons.

"God will protect the honest working girl," is the old song and, if she looked too forlorn, a kindhearted owner might hold something out for her another evening.

Eating in restaurants was a solution for many. Restaurants did not collect coupons, another leak in the system. Portions on plates seemed smaller but proprietors got the food some way and managed to survive.

Ration coupons joined calling cards as a feature of private dining out. Being hostess for an evening could sink a week's rations. The guests knew. All were coupon paupers.

"Such a lovely dinner and I want to leave 16 points," was quite proper as table persiflage. "You know, we'd have used them if we'd eaten at home."

As the rules became more severe, new ways to beat them were found. But the battle wore down nerves as well as waistlines.

The smaller stores were not as strict. An old customer would receive a side wink if he entered while a proprietor was telling an earlier arrival: "Sorry, but I'm all out."

Then as the stranger faded into the street, the proprietor would reappear with the wanted cut of meat or case of beer. "Must take care of our steady customers, you know," he would explain.

(Continued on page 101)

PHONIES This neat-looking pile contains just 200,000,000 counterfeit ration points

INTERNATIONAL NEWS PHOTO



FOR GUESTS Your room key was the password at some hotel cigar counters

BLACK STAR



How to Live With an

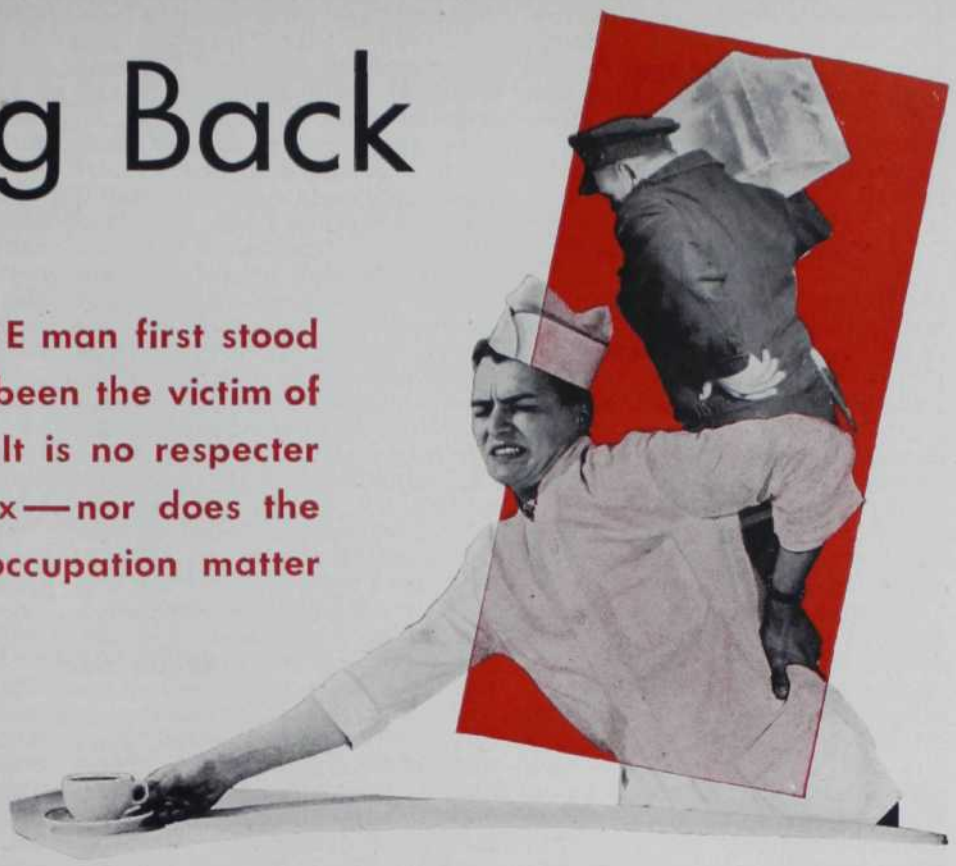
By LAWRENCE GALTON



A crick in your back can be real or imaginary. In either case, it can get you down—in bed or in spirits, or both

Aching Back

EVER SINCE man first stood erect he has been the victim of a sore back. It is no respecter of age or sex—nor does the individual's occupation matter



THIS IS about the elderly executive who, full of a feeling of vigor and enthusiasm, played nine holes of golf and was driving on the tenth when, in mid-swing, he felt a crick in his back, fell flat on his face and for the next few weeks stayed home in bed under a doctor's care.

It is also about the iceman who, for 30 years, heaved 100-pound chunks with the greatest of ease and then one day, doing nothing more than usual, put himself into bed with a bad back.

There are also the counterman whose main exercise was slinging a cup of coffee along a counter and the clerk whose only hard breathing came from pushing himself back from his desk. Both developed pains in the back.

"Oh, my aching back!" that wonderful figurative expression used in the Army to denote just plain mental despair, is also a literal expression of keen physical suffering for millions. In one form or another, backache is probably responsible for more discontent, discomfort and inefficiency than any other single chronic condition.

Causes may differ and so may the pain. But anybody who has ever had a rousing good case needs no telling that, whether the pain is the static kind relieved by rest and brought on by activity, or the morning pain which occurs after resting, or the nocturnal pain, or the constant or intractable pain, the crick in the back can get one down—in bed or in spirits, or both.

It's no respecter of age. Occupation doesn't matter. As for sex, it was the famed Dr. Oliver Wendell Holmes who defined woman as "a constipated biped with a pain in her back." This might properly be taken by any woman as a gross libel. No less constipated are men, and certainly no less subject to backache.

Backaches of many types

AS a complaint, backache is as old as Adam. It has also been as mysterious as creation. "Probably in the whole field of medicine," one orthopedic specialist said recently, "there is nothing that so challenges the ability of the practitioner, not only from the standpoint of diagnosis but also therapeutically."

The trouble is that there are dozens of causes plus new ones turning up every now and then. Only two years ago, an English doctor emphasized what he dubbed a frequent but often-disregarded cause of backache: the inequality in length of the legs. In a long article for the benefit of his brethren, he pointed out that, if one leg fails to do its job, the patient may suffer not only back pain but nervousness, easy fatigue, inability to sleep, pains radiating around the chest and in the legs, knees, head, neck, arms and shoulders. One American journal hastened to note that "short-leg" might well be the real cause of back troubles previously diagnosed as weak back, hysterical back, neurasthenic spine and other conditions.

The idea is that, normally, the spine supports the weight of the upper body and, at the pelvis, transfers it equally between the legs. If one leg is a little shorter than the other, however, the pelvis drops down on one side and the spine, to maintain balance, has to call into use and put extra strain on certain muscles and ligaments. The result: pain and a fatigue-producing mechanism. There's a hint that this is the condition if, in women, you see one hip more prominent than the other; if, in men, you note that the belt of the trousers doesn't set parallel with the floor. Relief can be effected, says the English doctor, if one shoe is built up.

Mental and emotional troubles are known to cause backaches. "Patients with certain psychoses and psychoneuroses," reports one authority, "have 'tension states' in which muscles are held rigidly and abnormal postures are maintained. Severe backache and pain in the shoulders or occipital region are the physiological results.

"Another mechanism," he goes on, "occurs in anxiety states. A person worried about his health will

look for symptoms of illness and consequently detects each discomfort that appears. Since backache is one of the commonest human symptoms, it is not surprising that neurotic patients complain bitterly of back pain which would scarcely reach conscious levels in stable persons."

Cause may go deep

DOCTORS have found that the mere prick of a hypodermic needle at the site of the pain, or the injection of salt water, can get rid of the complaint in some cases of psychogenic backache. After a few months, however, the patient may complain of an ache in a different region and again the injection does the trick. But the ache isn't permanently gone until the mental or emotional cause is cleared up.

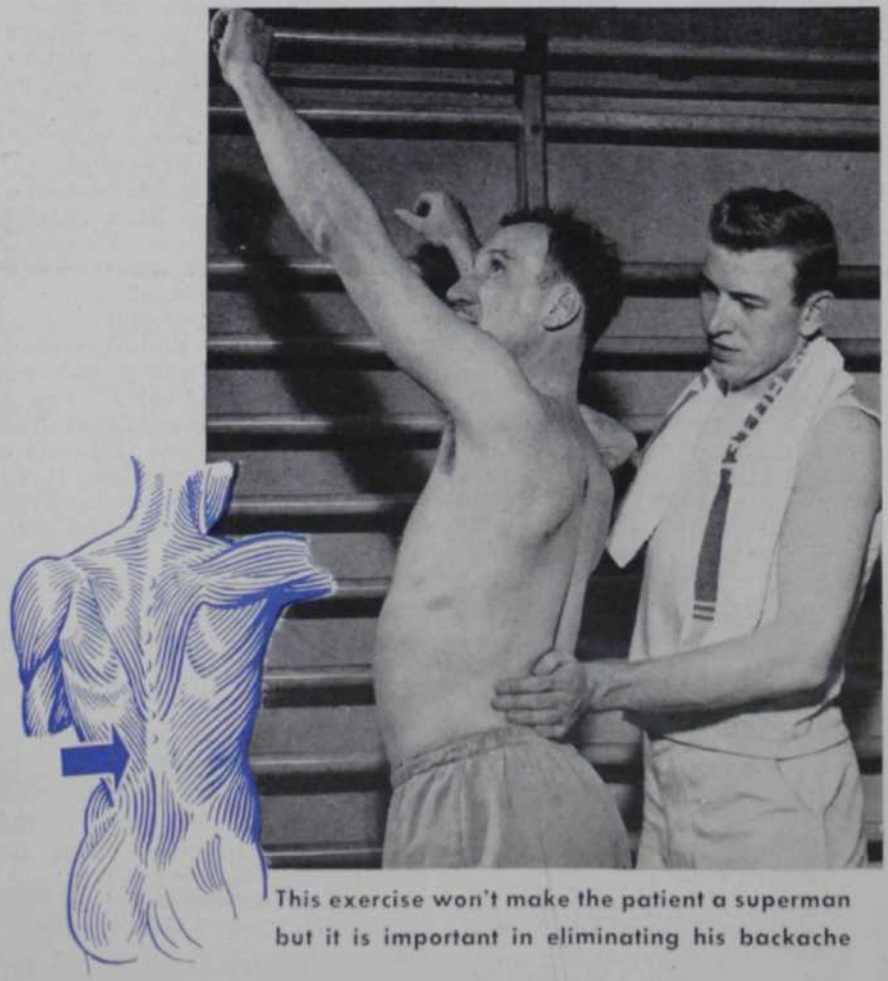
One man appeared at a hospital arthritis clinic with a low back strain. His history showed constant attendance at clinics for a variety of complaints. The man exhibited an anxiety state and doctors had a hunch that the back pain might well be psychogenic. Within five minutes after a saline injection, the pain was gone. Two weeks later the man returned. The left low back was no longer troublesome; now the pain was on the right side at a corresponding location. Again, saline injection and the complaint vanished. The man was then referred to the mental hygiene clinic.

In another case at the same clinic, a woman with a pain in her back was closely questioned and it was soon evident that she was greatly concerned over her husband's behavior toward her. She got two saline injections three days apart, with almost complete relief. A week later she was back again with severe pain which had come on after a friend warned her of seeing her husband having dinner with a strange woman. When she announced that she didn't want to risk finding out the awful truth by discussing the matter with her husband, she was urged to do so. A week later she returned in a happier mood. There had been a satisfactory explanation, her suspicions were unfounded. However, she had a slight pain for which she wanted treatment until it was "absolutely gone." Three more injections were given. Three months later, doctors checked up and the woman had remained free from any trouble.

There's also the case of the "peculiar" clerk in a large office. His wife called him "peculiar." A college man, he nevertheless liked to work with his hands and had started after graduation to work in a garage with the expectation of eventually opening one of his own. At his wife's insistence, he gave it up and took a "respectable" white-collar job. He wasn't at it two months when his back began to ache. A doctor, after finding no organic cause, finally hit on the truth and advised him to go back to the garage. When he did, his backache was gone.

But, although mental and emotional causes of backache are now increasingly being recognized and treated, some backaches previously diagnosed as neurotic are being found to have organic bases.

Several years ago, a Cleveland doctor had several patients with backaches so severe they couldn't get out of bed. There was no evidence of usual organic causes. Yet he couldn't bring himself to consider the cases psychoneurotic. In each patient, moreover, he could feel a lump in the back. The lump proved to be a small tumor of fat which had bulged, like a hernia or rupture, through the bands of tissue covering the muscles in the lower back. Could that be the cause of the pain? So far as he knew, it had never before been so considered.



This exercise won't make the patient a superman but it is important in eliminating his backache

Fatty tumors removed

HE OPERATED on three of the patients to remove the tumors and relief was prompt. One, a man incapacitated for 15 months, felt fine as soon as he left the operating table and went back to work in short order. Then the doctor found that two Army medics had reported ten similar cases among men in the armed forces, all of whom had striking relief after the fatty tumors were removed.

Not long ago, the Cleveland doctor reported that, of 37 patients upon whom he'd performed the simple operation, 34 had complete relief.

"The operation," he warns, "is not recommended as routine treatment for all types of low back pain but when the mass, which is instantly recognizable, is present, surgery can relieve a condition which in many cases has been incapacitating for years."

In recent years, better X-ray technique and diagnostic procedures have demonstrated that backache may be caused by maladies involving digestive or accessory digestive organs such as the gall bladder or the pancreas. All of

(Continued on page 94)

Business Plans for Action

IN TERMS of wealth, productivity and international influence, the United States in 1948 is the strongest country in the world.

Will this hold true in 1949? In 1950—1958?

And, if the United States does maintain its strong position, will it be because things just work out—or because it was planned that way?

Business men know that nothing happens until you make it happen.

They know, for one thing, that their own factories won't keep running unless someone d o e s something about it a long time in advance.

They know, too, that if we are to keep America powerful and prosperous, our standard of living steadily rising, and our foreign policy sound, plenty of intelligent planning will be necessary.

This planning, they firmly believe, should be done by thinking individuals working together, and not by some centralized agency of state. So business men have a big responsibility. Their job is to provide the people with food, shelter, clothing, conveniences, luxuries. Along with this, they have to take risks, keep themselves solvent, constantly improve their products and services, keep moving ahead.

All this is a *doing* process, not a talking process.



The National Chamber building as seen from Lafayette Park across from the White House

Time out to talk

ONCE a year, however, to determine the best way to deal with fundamental questions relating to our economic and social life, business leaders take time out to talk.

They pause from their work for a few days to come to the Annual Meeting of the United States Chamber of Commerce to look at things in broad perspective and to take their bearings.

This year's Annual Meeting—the 36th—will be in Washington, four days, Monday through Thursday, April 26-29.

Because of the present world situation and the many new and unprecedented problems now facing America, this meeting is shaping up as the biggest and most important business conference ever held. It will certainly be the biggest business meeting of 1948.

Two thousand or more top-flight executives representing e v e r y branch of commerce and industry, trade associations in every field and commercial organizations in every part of the country will sit down together and exchange views, ask questions, listen to what informed authorities have to say about today's picture and what they feel can and should be done about it.

Those attending the Annual Meeting not infrequently get solid information and ideas which they can carry back home and use in making their own business plans. But that is a by-product.

The real purpose of the meeting is to work out a strategy of attack on the basic problems affecting the nation's welfare.

The purpose is to plan and adopt a *common course of action* for the year ahead to keep America's form of democracy functioning smoothly and effectively—and industry's wheels turning.

Everything about this meeting is of the highest order.

The program has been many weeks in the making. The speakers are men of national and international standing, each one selected because of his wide knowledge and practical experience in some important field of business or government.

To add liveliness and variety to the program and to give opportunity for questions from the floor, the meeting is built around a series of open-forum discussions. Among the subjects which will be given particular attention are:

AMERICA'S FOREIGN POLICY

EUROPEAN RECOVERY AND ITS RELATION TO OUR DOMESTIC ECONOMY

CONGRESS AND THE BUSINESS MAN

AMERICA'S NEW MILLIONS

SUPPLYING VENTURE CAPITAL

DEVELOPING THE PRODUCTIVITY OF MANPOWER

WHAT MAKES CAPITALISM WORK?

The list of speakers includes such widely known names as these—to mention a few:

EARL O. SHREVE, president of the National Chamber

SEN. KENNETH S. WHERRY, acting majority leader of the Senate

JAMES A. FARLEY, chairman of the

board of Coca-Cola Export Corporation

SECRETARY OF STATE GEORGE C. MARSHALL

CLEM D. JOHNSTON, president of the Roanoke Public Warehouse

DR. EDWIN G. NOURSE, chairman of the President's Council of Economic Advisers

ALAN TEMPLE, chief economist of the National City Bank

DR. DONALD H. MCLAUGHLIN, president of the Homestake Mining Company

LOWELL B. MASON, member of the Federal Trade Commission

DR. ALEXANDER J. STODDARD, superintendent of schools, Philadelphia

CRAWFORD H. GREENEWALT, president of E. I. du Pont de Nemours and Company

Though the purpose of the meeting is serious, there will be time for gaiety and recreation, particularly at the dinner meetings. Entertainment will include such headline features as Fred Waring and his Pennsylvanians, the Rochester Inter-High Choir of 135 voices, and James Melton, tenor.

Special events on the program include:

1. CITIZENSHIP LUNCHEON, Monday noon, April 26—An intimate inside report on "Congress Today" will highlight this luncheon meeting. Also there will be a discussion, from a workaday level, on "Business and Congress." The idea will be to show the business man just what he—as an individual and through organization—can do to help bring about and maintain better government.

2. STATE NIGHT IN WASHINGTON, Monday evening, April 26—A highly popular feature. On this evening the delegates meet in groups according to the states in which they live. Each group has its own State Congressional Dinner, at which the senators, representatives and other Washington officials from the state meet and talk with the delegates on an informal basis.

Thirty-five of these state dinners, with 46 states represented, have already been arranged.

36th Annual Meeting Program at a Glance

Monday, April 26

Noon—Citizenship Luncheon
Evening—State Congressional Dinners: To give the delegates opportunity to get better acquainted with official Washington.

Tuesday, April 27

Morning—General Session: "Building a Strong America."
Noon—Two Luncheon Meetings: "Business Outlook" and "Women—World Citizens."
Evening—Organization Night Dinner: Spotlight will be thrown on the leaders of local and state chambers of commerce and trade associations.

Wednesday, April 28

Morning—General Session: "America's Basic Resources."
Noon—Special Luncheon Meetings: For specific segments of business.
Evening—Amcham Dinner: For those interested in world trade.

Thursday, April 29

Morning—General Session: "Facing Crucial Issues. Open forum.
Noon—General Session: "Election Year." Panel discussion.
Evening—Annual Dinner.

3. WOMEN'S LUNCHEON, Tuesday noon, April 27—All sessions are open to the ladies but this program is planned especially for them, and arranged and directed by them. The luncheon will be followed by a program on "Women—World Citizens." Two outstanding women will speak, one on the national aspect of the subject, and the other on the international. The wives of the United States Supreme Court Justices will be among the honor guests.

4. ORGANIZATION NIGHT, Tuesday evening, April 27—An evening of fun and good fellowship. This is a dinner meeting at which the National Chamber honors the leaders of local and state chambers of commerce and trade associations, and salutes their national associations: American Trade Association Executives and the National Association of Commercial Organization Secretaries.

5. SPECIAL LUNCHEON MEETINGS, Wednesday, April 28—For specific segments of business. The delegates will meet in groups according to their particular interests to hold round-table discussions on the following subjects:

A. Cutting Federal Expenditures
B. Public Regulation of Insurance
C. Tomorrow's issues in Transportation
D. Humanizing Business for Business Success
E. Getting Ready for a Buyer's Market.

6. TEA FOR THE LADIES, Wednesday afternoon, April 28—A traditional event for the wives and daughters of the delegates and their friends. Mrs. Earl O. Shreve, wife of the president of the Chamber, will be the hostess.

7. AMCHAM DINNER, Wednesday evening, April 28—At this dinner the National Chamber honors the representatives and delegates of the American Chambers of Commerce abroad. There are 18 such organizations in Europe, South America and the Orient, all of them affiliated with the National Chamber, and devoted to building good will for America in foreign countries.

8. ANNUAL DINNER, Thursday evening, April 29—Top event of the meeting, and the occasion on which the National Chamber introduces its honor guests, truly outstanding men in industry, organization work and government.

Washington is at its best in the early spring when the sun is shining, the birds singing and the cherry trees and dogwood are in bloom—a magnet for tourists. Many of the delegates who attend the Annual Meeting will bring their families with them; and even if the members of the family do not attend the sessions, they will find plenty of things in the Nation's Capital to keep them interested, thrilled and entertained. Though attendence at the meeting is expected to be unusually large, hotel accommodations will be ample.

What Became of Lenin's Dream?

By J. ANTHONY MARCUS

THE SOVIET REPUBLIC has turned out to be something far different from what its founder had in mind for it at the outset

PROTRACTED and tiresome business negotiations with the Soviet bureaucracy required me to make frequent trips to Moscow and the National Hotel opposite the main entrance to Red Square.

From my window I could see the black mausoleum which houses Lenin's remains. Each day long lines of pilgrims would form in Red Square, then shuffle silently into the heavily guarded shrine to view momentarily the corpse that was once the guiding genius of the millennium-on-earth-to-be.

The man, now resting in a glass casket, gave birth to a dream that was to abolish forever political tyranny and the exploitation of man by man in Russia and elsewhere. That dream had given new hope to the Russian masses who for centuries had fared poorly under their rulers.

After the Lenin Revolution in 1917, Russians were sure they had been freed from the rule of tyrants. Even though his reign was cut short by a revolutionist's bullet, it was of little consequence. Stalin, the successor, had sworn at Lenin's bier to follow faithfully his precepts and teachings in leading the Russian people and the world proletariat to the promised land.

Few of them ever stopped to ponder the meaning of the inscription on the Lenin museum at the main entrance to Red Square:

"Revolution," it reads, "is a hurricane which sweeps away everything in its path."

And so it has been for 30 years —a never-subsiding hurricane, bringing devastation, torture and death to millions. If the present leaders have their way, this inflexible interpretation of Lenin's commandments will see the revolutionary hurricane continue until it either consumes the world or itself is destroyed by the wrath of a long-suffering people.

There can be no question that Lenin wanted to better his people's lives. For dedicating himself to this goal, he was arrested, sent to Siberia and spent many years in involuntary exile in western Europe.

"The basic cause of social excesses," he argued, "is the exploitation of the masses. The removal of



Lenin wanted to better his peoples' lives—and thought Marx' theories would work

this cause will lead to the withering away of excesses, and simultaneously with their disappearance, the state will die."

Therefore, he dreamed that the "course of all evil, capitalism," could be abolished, the means of production and distribution expropriated and made to work for the state. If the owners declined, he would starve them. If they resisted, he would liquidate them.

He would send his loyal followers to the capitalist countries to learn advanced technology; he would invite foreign specialists to teach his backward people the latest scientific methods in agriculture and industry and help raise the standard of living.

To expedite the transformation of his agrarian economy to a highly industrialized one, he would offer lucrative concessions to foreign capitalists.

One of his first ambitions was to electrify the country. In thousands of Russian homes even the candle was yet to be discovered. The smoking pine wood kindle pinned to the edge of a table was the only source of illumination. Lenin's Russia would, therefore, jump over the stages of evolution and be planted right into the electrical age.

He would democratize the armed forces by placing the private and officer on equal footing. The elegant uniforms of officers would be abolished; sons of the poorest peasants and workers would henceforward be eligible for leadership.

His new Russia would atone for its past imperialistic sins by renouncing extra-territoriality in China, by returning the loot the Czar had taken from that country. The forcibly incorporated alien peoples would receive freedom of self-determination.

No political prisoners

HE HATED the Czar's jurisprudence which had sent him and thousands of others into prisons and Siberian exile. Under his rule not only would there be no political prisoners, but the very word "punishment" would be superseded by the term "measures of protection;" the word "prison" would be replaced by "places of detention;" the term "guilt" would be expurgated from the official vocabulary, since only society could be guilty when individual members committed a crime. The incoming inmates to Lenin's "places of detention" would be greeted by large streamers:

"We are not being punished; we are being corrected!"

The much-hated "OKHRANA," the Czar's secret police, would be destroyed.

The liquidation of illiteracy would be an early task. Children as well as adults would receive free education, and schools and universities would spring up throughout the country.

With the old order would go organized religion. The official Greek Orthodox church would be wiped out because of its service to the Romanoff regime.

These and many more of Lenin's plans were set in motion when the civil war ended in 1921. But the going was rough and not according to schedule. Human reactions had not been considered. The people began to resent the shrinkage of their rights. With one hand the Government abolished the right to execute political offenders, and with the other restored it. The new jurisprudence prohibited the use of chains, handcuffs, dungeons, strict solitary confinement, deprivation of food, isolation from visitors by means of bars, but, within a short time, worse methods were instituted.

There was a reason: Fear of failure of the experiment. The father and prophet of socialism—the Red Prussian Karl Marx—had warned that socialism could be realized in a highly industrialized country only, and Russia of 1917 was far from such a state. Lenin, therefore, undertook to use the power of his State to foment the social revolution in other countries. This failed. Hence insecurity at home and abroad, with accompanying terrorization of the population even before Lenin's passing.

Centuries of despotic rule in Russia had shaped the life of the youthful son of a school superintendent, Vladimir Ilyitch Ulyanov



Under the Czar, Lenin could write revolutionary articles in prison or in exile in Siberia. But under Stalin, the people fear to speak their thoughts even in their homes

—the future Lenin. The success of the American republic gradually had been penetrating the wooden curtain of the Romanoff empire. The lofty idealisms of the French Revolution, too, had their effect on the liberal minds of the period. The seeds of the liberation movement began to take firm root.

The infiltration into feudalistic Russia of the industrial revolution from the West raised the tempo of this movement. By the time Lenin was born in 1870, barely nine years after feudalism was abolished in Russia, revolutionary underground circles were rife among university students. Lenin's brother, Alexander, was executed for participating in a plot to assassinate the Czar. This had a profound influence on the 17 year old Vladimir. He, too, joined the conspiratorial group at the Kazan University. Prompt expulsion followed.

On Dec. 8, 1896, Lenin was arrested and confined to the "House of Preliminary Detention" in St. Petersburg (now Leningrad) until Feb. 14, 1897. He was allowed to have visitors, receive newspapers and books, and even worked on his book, "The Development of Capitalism in Russia." When released to proceed to Siberian exile at his own expense and without police guard, he remarked jokingly:

"Too bad the release has come so soon. There is still much work to do on the book, and in Siberia it will be hard to get books."

Settling in the Minusinsky region—known as the Siberian Switzerland—he lived comfortably on the monthly government allowance of eight rubles. His fiancée Kroopskaya and her mother soon joined him.

He ate well, enjoyed his leisure, tended his garden, went hunting, fishing, hiking, and even kept a servant. He corresponded with revolutionary colleagues abroad, wrote articles, finished his book and translated several volumes.

In a word, the future leader had no secret police on his neck; his family was not made to suffer for his sins; he had the freedom of the region where he lived. None the worse for the three years in Siberia, he was well prepared to play his part in Russia's abortive 1905 revolution. By 1907 he was convinced that Russia was not ripe for his brand of revolution. He moved to western Europe and spent most of the succeeding ten years in Switzerland and Austria.

He returned to Russia in the spring of 1917, after the Czar had been overthrown. He found the leaders of the many parties undecided and quarreling among themselves. He knew his opportunity had come. With only 240,000 followers in a country of more than 150,000,000 he staged the social revolution Nov. 7, 1917.

Trotsky, Stalin emerge

PRETENDERS for Lenin's position were many. In the struggle that ensued, they narrowed down to two —Trotsky and Stalin. The latter had played a minor role in Russia's revolutionary movement. Shrewd, unscrupulous and extremely ambitious, he lacked Lenin's education, contact with western civilization and the ability to deal with colleagues and opponents by peaceful persuasion. However, he more than made up for it with his readiness to employ force to gain an objective. He had come from the same people whom the Romanoff regime often employed in suppressing strikes and uprisings—the savage, ignorant Georgian tribesmen from the Caucasus.

As soon as he took over the Government he began to liquidate Lenin's closest collaborators, their families, and countless thousands of their followers or associates.

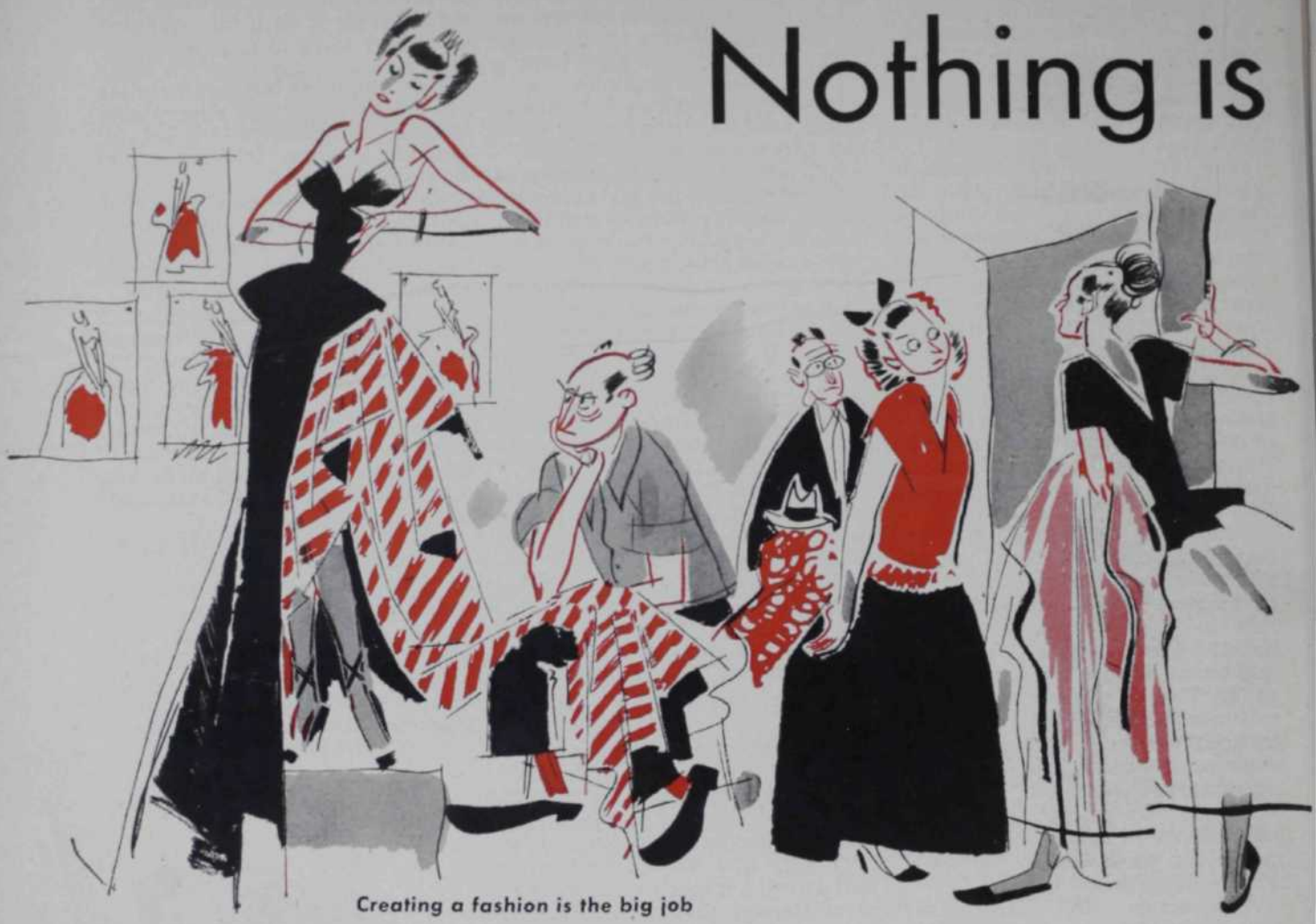
With them out of the way, Stalin proceeded to outdo his teacher. "To catch up with and outstrip the capitalist countries," in a hurry (Dognát y peregnát) became his battle cry. The tempo of industrialization and mechanization of agriculture was stepped up in total disregard of the people's endurance or competence.

When the peasants resisted collectivization in 1932, he starved millions of them into submission, shot and exiled hundreds of thousands of others. Foreign technicians became the object of suspicion and spy hunts. Stalin bluntly told his inexperienced engineers and industrial captains

(Continued on page 91)



Nothing is



Creating a fashion is the big job

Wailed a short-statured sister: "I look as if I were in a hole."

IF YOU'RE a man, which is probable according to our subscription lists, you may suspect that new fashions are being plotted in the scent-filled rooms of Parisian ateliers or their equivalent in this country. There, you may be fearfully brooding, ingenious designers are cooking up ways of causing your wife, daughter and femininity generally to consign their contemporary wardrobes to the indigent.

For example, all the talk about the New Look. "What was the matter with the old look?" you've probably asked yourself, and the ladies. Their answer is simple:

There's nothing the matter with it, except it is old, and no woman will affect it who is interested (a) in herself, (b) the man in her life, or (c) what other women are saying about her. Often, a, b, and c are jointly considered.

Fashion authorities flatly deny that fashion can be *sold* to women. They put it this way:

Every daughter of Eve has an irresistible urge for change. Fashion creators try to anticipate the direction the urge will take and come up with the answer. They compare themselves with a physician who takes one's pulse. Only pulse-taking with them is a never ending chore.

Christian Dior of Paris has been credited with creating THE New Look but fashion authorities doubt his claim to the honor (or, as you may see it, guilt). They say he merely dramatized it. After long war years of regulated apparel and restricted design, they point out, even an Anglo-Saxon could guess that a radical change was overdue.

Many help change fashions

EVERYBODY was in the act, they agree, except thousands of American retailers who were hesitant; business was good, why disturb it? The New Look consumed considerably more yardage, and fabrics were in tight supply. Deliveries, still unsatisfactory, were bound to slow down, and they weren't convinced that the New Look was either necessary or urgent.

Apparel manufacturers really settled the issue. In New York City alone the dress industry produced more than 93,000,000 garments in 1947. It lacked confidence in its ability to sell that many Old Looks.

Although New York last year continued to account for about 80 per cent of the dresses produced in this country, other manufacturing centers had war-swollen outputs of their own to worry about marketing.

San Francisco, Los Angeles, St. Louis, Dallas, Cleveland, Boston, Chicago, Kansas City, Philadelphia and other cities had their fingers more deeply in the fashion pie. They, too, sensed a pent-up demand for change.

Apparel of all kinds adds up to a giant American industry. Its total volume in 1946 was more than $3,500,000,000, and last year it wasn't appreciably less. It employs more than 425,000 workers.

Last year the apparel industry's

New But the Check

By JACK B. WALLACH



Models often are planted at resorts to boom a new style



Exclusiveness is one quality that can't be bought

product accounted for more than $5,000,000,000 of retail sales. Its product, however, is highly volatile. It can depreciate faster than gratitude. When a style dies, it is deader than a sun-bleached skull.

Fashion, no more than a husband, can oppose a woman's wishes. Veiling manufacturers tried to force business after women had discarded their wares. As usual, the women had the last word.

Some so-called fashion authorities decreed that open-toed and open-heeled shoes flouted good taste and common sense. But the women liked open toes and open heels, and only recently have toes crept back into concealment.

It's far easier to take a horse to water and make it drink than it is to escort a woman to a fashion and compel her to accept it, or conversely, to deny a fashion to a woman whose mind is made up to have it.

At this juncture, it may be timely to explode another popular fallacy, "that all fashions originate in Paris." The strapless evening gown, that structural wonder, was made in America and actually adopted from us by the French.

With each passing year, fashion has become more international. At one time, in the prewar past, few fashions born outside of Paris had much chance of achieving legitimacy. Today a fashion can spring up anywhere, and its parentage and pedigree are of minor consequence.

There are three basic needs: A new fashion must be created or evolved, it must be authenticated, and it must be sold. The first step usually is an exaggeration for effect. A new fashion is often launched by international fashion plates who dramatize it and focus attention on it.

Fashion editors satisfy the second need by reporting the fashion and, in so doing, authenticate it. Manufacturers, thereupon duly guided, make the new fashion and distribute it. They may interpret it variously and individually, of course, but all work on the premise that it has received reasonable assurance of acceptance.

Few would try to gainsay the fact



that fashion in these United States has a French accent even when it has been translated into the American vernacular. We play French compositions with variations, but the *leit motif* is always discernible.

Wherever one looked last winter, one saw Gibson Girl blouses and ballerina skirts. These constituted a popular price version of the New Look. It didn't help dress sales conspicuously, but it paved the way to better business this season.

Resistance to changes

THERE was price if not fashion resistance to the New Look. Those billowing, sweeping skirts went to great yardage-eating lengths. Fabric prices were up, and the additional 20 per cent of piece goods consumed increased prices proportionately.

There was another catch—the reluctance of a majority of popular price shoppers to effect half-and-half wardrobes. They weren't easily persuaded to wear short and long skirts. One more drawback was the fact that short women felt ridiculous in skirts that looked as if they had been borrowed from a taller sister. As one short woman said, when she first wore her New Look, "I look as if I were standing in a hole."

One of the largest apparel chains in the country had the discomfiting experience of having to shorten thousands of dresses and skirts to sell them. It was a case of off with the new and on with the old. But a new day is dawning in 1948, too. The New Look is a forced option.

How are American merchants going about selling it? In millions of lines of newspaper space, of course, and in beautiful half-tone pages in the slick magazines, naturally, but something else has to be added.

The New York Dress Institute alone is feeding promotional patter to more than 850 radio commentators and an additional 250 radio station news editors. The New Look is on the air, it's everywhere.

Fashion editors of more than 225 leading newspapers are cooperating to put over the *dernier cri*. The institute supplies some 1,697 daily newspapers and 900 weekly newspapers with stories and photographs, not to mention the wire services and news reels.

Fashion shows are arranged at the drop of a word. Fashion editors are brought to New York twice a year to view the collections, get hep to the new trends and become imbued with the spirit of selling the little woman back home.

New York doesn't play a lone hand. On the West Coast, fashion editors are whisked away to mountain lodges to see winter sports fashions in motion, or bathe in the sun at Palm Springs to double-o spectator and leisure wear.

The market openings in Los Angeles are gala affairs. Buyers and fashion editors alike are wined and dined, cocktailed and barbecued, feted and flattered. They even get to see the manufacturers' lines.

If you suspect motivated cajolery, you're wrong.

The same result could be achieved without junkets or free loadings. But, giving the fashion editor a preview makes her better able to "forecast."

You're wrong, too, if you suspect a gigantic monopoly is at work in the fashion industry. There are more than 1,000 dress manufacturers in New York City alone. Theirs is an intensely competitive business.

They agree on one thing, and one thing alone: the season's fashions. But each in his own way interprets the fashions. Some employ designers, many frankly use copyists. Success for a few and failure for

more are inevitable, and often not far apart.

Competition produces better values for the consumer. The manufacturer who excels in styling or manages to put more-for-the-money into his garments quickly pulls ahead of the pack. In the past decade, brand names have climbed to positions of eminence.

In the popular price dress field some names have customer followings that run into tens of thousands. Some of the country's biggest retailers, particularly the chains, deal with contractors rather than wholesalers in their efforts to offer surpassing values.

One chain employed shoppers to bring in the best selling costumes of high fashion stores. These professional snoopers were welcomed (by the salespeople at any rate) because they became good "customers."

Their job was to discover what was selling most actively and to buy it. Back in their own offices, their purchases were shown to the contractors, and ways of "copying down" the garments to mass market requirements were charted.

This practice has long been a sore point with the industry. The quality house may pay its designer as much as $50,000 a year to create designs that cannot be protected under our existing copyright laws.

For that reason, your wife may buy a dress for $89.95 and see its replica ticketed at $25 the next week. The copy may be cut out of a poorer quality fabric or be inferior in workmanship and finish but the fashion will be identical.

This elimination of class distinctions in fashions is peculiar to the United States. In France, for example, the couturier has the protection of the law. Pirating of styles is severely punished. Perhaps the reward for original design abroad affords an incentive that is needed here.

There are other, more fundamental, differences. In Paris the world-renowned couturiers create fashions for the few. They are "inspired" by their clienteles, which include the most expensively dressed women in the world.

Success in the American fashion industry is based on volume, not on exclusiveness. French textile firms are happy to weave short lengths to the couturier's order. Few American mills are interested in fabrics that cannot be sold in terms of miles, not yards.

In Paris, you can't gain admittance to the showing of a collection unless you are an accredited buyer or patron. In the United States, the smartest shops advertise their presentations to the general public. At the last "openings" in Paris, nobody could crash the gate who did not agree in advance to make at least a minimum purchase.

So far as its trade with the United States is concerned, the French couture has slipped badly. The main reason has been the inflationary prices that prevail in the French capital. Despite the devaluation of the franc, material and labor shortages make it doubtful that French exports to the United States will increase significantly.

Studies made before the war showed that, the farther one got from the Atlantic seaboard, the less women were conscious of the great names of the French couture. Beyond Chicago, Lanvin, Schiaparelli, Balenciaga and Molyneux meant very little.

During the war, Paris' great fashion creators became dim memories. The few couturiers who es-

(Continued on page 98)



Fashions, like your car, get out of date. Now it's the hourglass waist

Cover girls play a major role in promoting styles



PHOTOS BY SEIDMAN PHOTO SERVICE

Locksmith



Shoe repair shop



Saddles and horse goods



Loans—and fishing tackle

Fugitives from the

THE SIGNS shown here are primitives. They carry on in competition with the neons, hold their heads high—and are low in upkeep. No moving parts to get out of order.

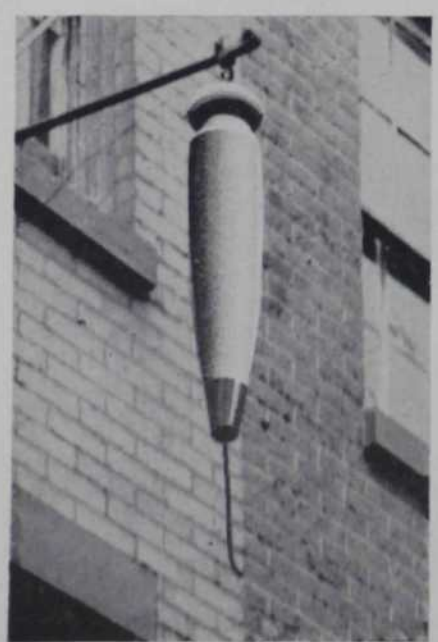
Ever since men have been merchants, they have used signs to attract the passer-by. And the function of the sign has always been the same: to stop the shopper, to sell goods or service, and to be remembered.

These early-day signs met the test, and in true sign-language—without words.

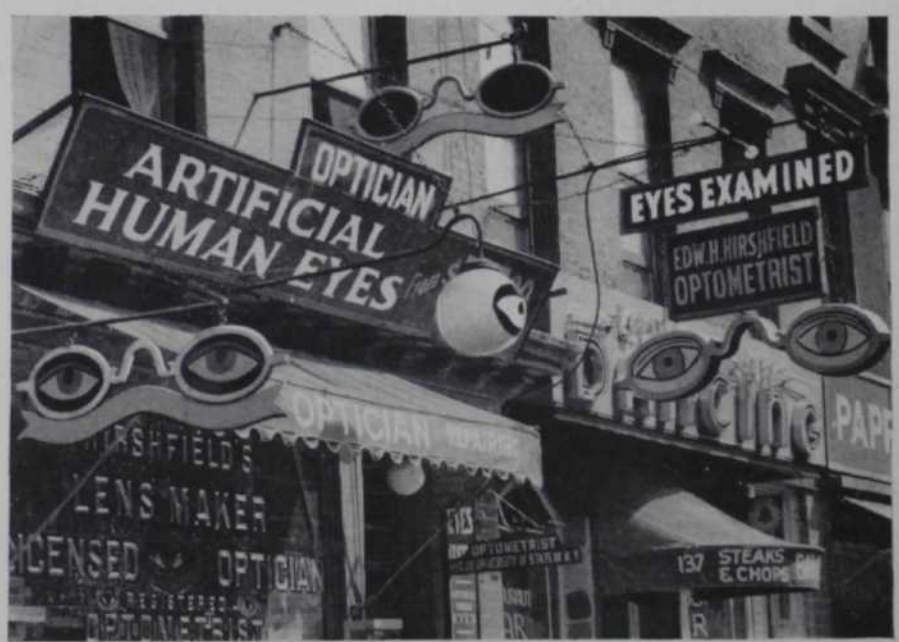
To advertise his business, the shopkeeper merely took the principal object of his trade, had an oversized model made of it, and hung the object up out front.

If his business had a time-honored symbol, the storekeeper used that as his sign.

Three gold balls, for instance, have always stood for the pawnbroker's business. Originally, they were on the coat of arms of the Medici family—a family which wielded great power in financial and other circles in Florence in the



Leather and findings



Glasses and artificial eyes



Beer (Gambrinus, first brewer)



Work clothes



Cutlery

Tallow-Candle Age

fifteenth century. Sign-language signs designating trades were popular with the merchants until too many persons in the same trade set up in the same neighborhood. Then the merchant who wanted distinction had to figure out something else. One device was to put up a figure that stood for the man's name. That was easy if his name happened to be Drake or Rider; it didn't work if his name was Smathers or Umbarger.

Sign-language signs ran into difficulty when they became so large and numerous that they were a danger and a nuisance, especially on narrow streets. Paris had a law back in 1761—and London in 1762—compelling signs to be fixed flat against the wall and not to project out into the street.

Despite changing times and fierce competition from the bright lights, you'll find a few of these hardy old-timers still hanging around and catching the eye of customers the same as their ancestors did before them back in the tallow-candle days.



Gunsmith



Fat men's underwear



Pharmacist

A Case of Mistaken Identity

By LEOPOLD SCHWARZSCHILD



WHILE we were seeking safeguards against coming inflation, our real problem was inflation born of war

AMERICA'S greatest postwar boom was the boom in talk about, and belief in, the "spiraling inflation." The warnings against the inflationary spiral grew shriller from month to month. The disquiet these warnings created spread further and further. Attempts to put the public into a different frame of mind became increasingly rarer, weaker and more futile.

How long will the boom in inflation talk and inflation panic last? A short time ago a note of hesitation appeared for the first time when the prices of farm products dropped sharply. Although this development has not yet changed the general economic situation, the question whether the theory of inflation and of the "spiral" was ever tenable already has been raised.

It has never been tenable!

Even if nothing sensational had occurred on the commodity exchanges, the inflation scare could not have continued much longer.

From the moment this alarm began it lacked justification. The kind of inflation which was so much discussed, and against which all possible measures were demanded, did not exist after the end of the war.

In recent years we have had constant price rises all along the line. But they were the delayed effects of an *old*, completed inflation—the war inflation.

We have never had a *new*, progressing postwar inflation.

Because of the wartime inflation, prices were bound to continue their rise in the postwar years—up to a certain point. This is what happened. But because there was no postwar inflation whatsoever, the general price level was bound to stop at a certain point. This is about to happen.

Ever since the end of 1945 we have had the opposite of a spiraling movement. We did have a winding-up movement whose limit was fixed and predetermined. When this limit would be reached could never be calculated exactly. Now we have about reached a point at which the general price level has no further room to advance. Since the end of 1947 the specter of spiraling inflation has been doomed to lose its place on the public horizon—and in the electoral campaign. As time passes politicians will find it difficult to exploit this issue.

It took a long time for public opinion to realize that American economic life had been invaded by inflation.

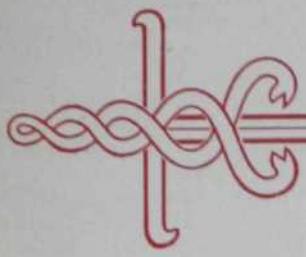
Even during the war prices rose slowly and gradually. The wholesale index which had stood at about 80 late in 1939 had risen to about 105 by V-J Day. Though annoying, this seemed attributable to shortages caused by wartime production. In peacetime, it was thought, goods would flow once again into the stores. Then prices would fall.

Peace came. Production flowed into the civilian markets. In addition, output increased enormously. It was higher than ever before in time of peace. In 1947 the physical output of industrial goods was greater by three-quarters, and that of farm products by one-third, than in 1939. The total output of goods and commodities of all kinds was roughly 150 per cent of the 1939 output. Hardly seven per cent of the total went as exports, including relief. As a result, shortages—except in a few fields—were largely eliminated.

Meanwhile prices continued to rise. More than that, they rose at an accelerated tempo. Early this year the prices that had risen only by one-third during the war were double the prewar level. This happened in the face of an ever-increasing supply of goods.

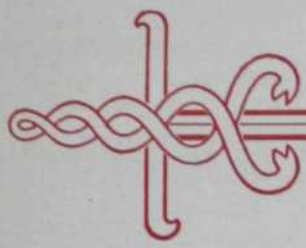
Only when this postwar development was under way did it become understandable that the continuing general rise of prices was no longer caused by a deficiency of goods, but by excess of money. People began to learn who was robbing every home, plundering incomes and property, helping himself to the employes' meals and stealing the grocers' savings. This invisible

3 lines of defense against CANCER



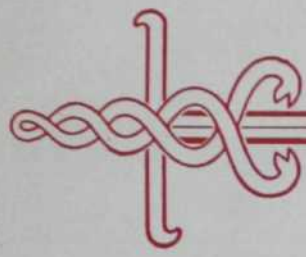
YOU are the first line of defense!

Alertness is your job. It's up to you to note cancer's warnings early, while chances of cure are best. That's why you, and everyone, should learn cancer's "danger signals" (they are listed below), and tell your doctor at once if any of these warnings appear. Sometimes cancer gives *no* warning, so it's also wise to have a thorough medical examination at least once a year.



The second line of defense is diagnosis!

This is your doctor's job. The "danger signals" are NOT sure signs of cancer, so it's up to your doctor to find out their cause. In many cases the doctor may advise further examination at a cancer clinic or hospital, or by a specialist. If he does, don't be alarmed. The chances are you don't have cancer. For example, out of 654 women who visited one clinic because most of them had suspicious symptoms, *605 or 92½ per cent were found to be completely free of cancer!*



The third line of defense is prompt treatment!

There are still no drugs, no pills, no "sure cures" for cancer. The only treatments that have been successful are *surgery*, which removes the cancer, *and radiation*, which destroys it. Success often depends upon starting treatment early. Medical experience shows that the chances of effecting a cure *are much greater* when proper treatment begins in the early stages of the disease.

Cancer's "danger signals"

- Any unexplained lump or thickening, especially in the breast.
- Any irregular or unexplained bleeding.
- A sore that does not heal, particularly about the mouth, tongue, or lips.
- Noticeable changes in the color or size of a mole or wart.
- Loss of appetite or continued unexplained indigestion.
- Any persistent change in normal elimination.
- Any persistent hoarseness or unexplained cough.

Pain is *not* an early symptom of cancer

Some hopeful news about cancer

While cancer is the second greatest cause of death, exceeded only by diseases of the heart, real progress is being made in controlling it. Today, if treatment is started before the disease spreads, it is estimated that cures can be expected in 3 out of 4 cases of cancer of the breast, in 4 out of 5 cases of cancer of the mouth, and in over 9 out of 10 cases of skin cancer.

Cancer research and education are progressing through the all-out efforts of public and private agencies. But *you* are still "the first line of defense." To learn more about protecting yourself from cancer, write for Metropolitan's free booklet 48-P, "There's Something YOU Can Do About Cancer."

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Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD

Leroy A. Lincoln, PRESIDENT

1 MADISON AVE., NEW YORK 10, N. Y.



TO EMPLOYERS: Your employees will benefit from understanding these important facts about protecting themselves from cancer. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!

robber, who could be detected only by the radar of statistics, was inflation—the availability of too much money.

But this discovery did not end misconceptions. Now it was believed—because people were told so—that the disease was constantly progressing. In fact, it was said that more and more money was coming into circulation—just as prices were ever rising. That was false. The habit of indiscriminately calling every upward economic movement "inflation" and "inflationary" was backfiring. It makes a big difference whether the milk pail is filled by the cow's giving more milk or by the addition of water.

Three times as much money

THE pail of the American economy contains three times as much money today as it did on the eve of the war. Early in 1948 the sum of the circulating notes and deposits in banks and savings banks was, in round figures, $170,000,000,000 as against $60,000,000,000 in the middle of 1939. But this tripling took place entirely during the war. It was wholly brought about by the Government, which poured, or had others pour, water into the pail.

Needless to say, the Government acted under compulsion. If it had been able to cover its entire expenditure out of taxes nothing would have happened, except that already existing dollars would have changed hands. But, in the six years of the war, the Treasury spent $398,000,000,000 and could procure only $176,000,000,000 in genuine revenue. The rest it borrowed, thus unleashing the modern alchemy of multiplying money.

The fundamental secret of this alchemy is the fact that a bank can lend money that does not even exist before it is lent. By the very act of lending it, a bank can create money.

Let us suppose that Mr. X, a hosiery manufacturer, comes to a bank and says: "Lend me $1,000,000." The bank will determine whether Mr. X is solvent. If he is, the bank will say: "All right. You give us an IOU for $1,000,000 and we will credit you with this sum. You can draw upon it."

It may happen that, at the same time, another borrower repays an equal amount to the bank. If so, the same money will merely change hands. But this need not necessarily be so and, in tight situations, it is not so. In this instance, crediting $1,000,000 to Mr. X's account means that a new $1,000,000 has been created out of nothing.

The entry made on his account is real money. Mr. X pays his bills with it. Thus the sum is changed into normal bank deposits, increasing the nation's total money supply. This sum is only withdrawn from the total supply when Mr. X repays his debt to the bank. Until then, however, there actually circulates $1,000,000 more than before. The bank has actually conjured up the money from the inkpot. And the bank's balance is actually in order because, although it has an additional $1,000,000 on deposit which is a liability, it also has Mr. X's IOU, which is an asset. That is why banks can proceed in the same way in tens of thousands of cases. The laws and the rules of the Federal Reserve Banks deliberately allow the banks a wide margin for such operations.

Loans generate money

WHAT is true of the hosiery manufacturer is even more true of the United States Treasury. The question of solvency does not arise at all in this case. The Treasury's IOU's are supposed to be gilt-edged, and that is why their price must be "supported." The Federal Reserve Banks currently buy all government securities offered for sale that do not find other buyers. The banks are even more willing to enter any amount of credit in their ledgers when it is for the Treasury. This



The excess of money created by our wartime financing drove postwar prices ever higher

Kodak



Photomicrograph of a snowflake

Because photography magnifies . . .

BEFORE this young lady could examine this snowflake, photography had to do a twofold job. It had to record the snowflake . . . quickly, exactly . . . before it melted. It had to enlarge the image a thousand times . . . magnify it so that every detail would stand out clearly and sharply.

A unique ability . . . this. And because of it, business and industry have come to depend more and more upon photography to magnify . . . to make the invisible visible.

For magnifying particles far beyond the limits of visible light—200,000 times and more—researchers use electron micrography.

For making enlarged prints from reduced-scale negatives, many engineering departments use Kodagraph Projection Paper, one of a new line of photographic papers that constitute "The Big New Plus" in the field of reproduction.

For revealing action too fast for the eye, industry uses the time-magnifying abilities of the new Kodak High Speed Camera.

Maybe *you* can utilize photography for its ability to magnify . . . or for its other unique abilities. As the first step toward uncovering its applicational possibilities, write for "Functional Photography."

EASTMAN KODAK COMPANY
Rochester 4, N. Y.

Functional Photography

. . . is advancing business and industrial technics

touches upon a second fundamental secret of monetary alchemy—the fact that the Treasury's IOU's can, in turn, beget new money for a second time. For how do the Federal Reserve Banks pay for the government securities that they must buy to "support" them?

Under circumstances of strain, at least, they pay, once again, with new, additional money. They pay with newly printed notes. One million dollars borrowed by the Government can therefore give birth to 2,000,000 new, additional dollars. New money can be created when the $1,000,000 is borrowed from a bank; and new money can be created for a second time when a Federal Reserve Bank must purchase the $1,000,000 IOU.

This alchemy brought about our inflation. True, of the $222,000,000,000 the Treasury borrowed during the war, a part was collected out of already existing money. Every ordinary subscriber to a war loan, the little employe and the big firm, paid with already existing money. But $110,000,000,000 was financed with newly created money. If, early in 1948, about three times as much money existed as before the war—$170,000,000,000 instead of $60,000,000,000—every one of these new dollars had been created during the war by government borrowing.

The fact is that the quantity of money has not increased since the end of the war; rather it has contracted slightly. At the end of 1945 as much as $175,000,000,000 was in circulation. This fact is important—and is widely ignored although it is established beyond doubt by the statistics of the Federal Reserve Board.

Federal surplus ends inflation

IN 1946 the federal budget was balanced for the first time since 1931. In the past two years the Treasury has even been able to refund a few billion dollars of its debts. Increase of money "from above" has been stopped.

This has always been the most comforting feature of the American situation. All the catastrophic runaway inflations that, since 1918, have driven so many countries to desperation, including the most recent inflations in France and China, Italy and Soviet Russia, were or are the result of increases of money "from above." All of them originated in public deficits that were covered by ever-increasing quantities of newly created credit and paper money.

The economic history of the world does not record a single instance of a grave spiraling inflation being caused by anything but a large and protracted government deficit. This one possible source of sustained and progressing inflation was quickly cut off in our case.

It is true that, after their siege by the Treasury had been lifted, the banks were not deserted. Thousands of firms and business men had needs for money that had to be met. They needed money for reconversion, increasing production, reviving consumer credit; and they needed it because prices, wages, production costs were rising.

No inflation by business

BUT it is equally true that this demand "from below" was no longer met with newly created money. The need did not arise. The monetary supply available to trade, industry and agriculture was, after the war, increased by about $17,000,000,000 by means of loans and the like—and it is this that was baptized "inflation." But it was not inflation. The financing was effected with money already existing. The money came wholly from the Treasury's bank deposits that, by the end of 1945, were still extremely large ($24,000,000,000) but later gradually dwindled away. It was money with which the Treasury belatedly paid old war bills and which thus flowed into the commercial pool. Old money wandered from one hand to another, and that was all. That, too, can clearly be seen in the bank statistics.

Thus, in the postwar years there was no further increase of money or money dilution—inflation either "from above" or "from below."

To our dismay prices, wages and costs rose constantly during these two years—but they did so, not because of any postwar inflation, but as a delayed consequence of the war inflation.

For just as a dry sponge only gradually absorbs water in the beginning, so prices only slowly absorb the water of money dilution in the beginning. In our case the process was also slowed up, although ever less effectively, by the existence of ceilings until the middle of 1946. But in the end prices and costs irresistibly and wholly swallow the inflated money in circulation and themselves become correspondingly inflated.

This is what we experienced in the postwar years. By V-J Day prices had increased by *one-third*, but the volume of money had increased *threefold*. As a result, the adjustment of prices to the quantity of money available continued, and at an accelerated speed. It is astonishing that the quite automatic, mathematical cause of this process has never been correctly understood.

But at some time and at some point such a winding-up process must, again automatically, reach its end. Galloping prices must reach the level corresponding to that of the arrested money inflation. Again, simple mathematics tells us that this adjustment of prices must, roughly speaking, be about completed.

It is the relation between money and commodities that supplies us with this information. What are the relative quantities of money and commodities in this country today? We have mentioned that the total production is approximately 150 per cent of prewar. On the other hand, the money available is approximately 300 per cent of the prewar amount. This means that, for each unit of merchandise for which *one dollar* was available before the war, approximately *two dollars* are available today; and this in turn means that the balance will be restored as soon as prices have, on the average, doubled.

By the beginning of this year this balance was at long last restored. In fact, the general price level is at present about double that of prewar days. The index of "all commodities" is at 160, as against 80 in 1939. According to all the laws of mathematics and economics the effect of the triplication of the money volume has spent itself and a new chapter is about to open.

A new, but cheaper dollar

WE enter this new chapter as though we had converted our currency into a new dollar worth only half of the prewar one. But it will again be a dollar whose general purchasing power will no longer shrink from day to day.

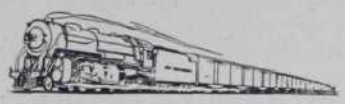
The convulsions of monetary origin, the war-bred inflationary movements are behind us. For some time the struggle between the various branches of the economy for their true place in the new price structure will continue. But the relative shifting of many prices will no longer change the general level.

How will the economic situation of the country look in this new era? Into what kind of business cycle will we enter?

It is likely that for some time the brisk business of the past years will decline. According to all rules and experience, the price rises them-

(Continued on page 84)

Success story (to be continued)



World's First "Merchandiser", *pioneered by New York Central in 1934, used express cars to speed package freight.*



TODAY'S PACEMAKER—
a smooth-riding Dieseliner with special high-speed freight cars, saving a day at night between New York and Midwest.

TODAY'S *Pacemaker* is true to its name. It's setting a new fast pace for merchandise between New York, Albany, Utica, Syracuse, Rochester, Buffalo and key Midwest centers. And it's setting the pace, too, for *more* such services.

Yes, the streamlined diesel locomotive that speeds the *Pacemaker* overnight between the Great Lakes and the Atlantic is *just one* unit in Central's new multi-million dollar motive power fleet.

And the red-and-grey *Pacemaker* freight cars . . . with high-speed trucks, stabilized springs, and rubber-cushioned couplers . . . are only the *pattern* of *more to come!*

That's the "continued story" of Central's fast merchandise pioneering. It's *your* success story, too. For it means you'll need fewer main distribution points to cover the New York Central area . . . world's richest market for your goods!



More Modern Merchandisers

coming to serve other New York Central shippers and communities.

FOR COMPLETE INFORMATION about today's fast freight service, ask any New York Central freight representative or local freight agent.

NEW **NEW YORK CENTRAL**

The Smooth Water Level Route



Joseph Built the First Grain Pit

(Continued from page 38)

other for the past few days, and we are a very loving couple." After these affectionate scenes, Armour let up the pressure on Joe. But it was too late. Joe couldn't "bury the corpse"—sell the cash wheat he had collected without breaking the price and ruining himself. The corner collapsed.

Leiter estimated he lost more than $10,000,000 on the deal. Armour made his share.

Jim Keene also belongs in this list of men who tried but failed. Keene operated best in the Wall Street atmosphere, a broker for Daniel Drew, Jay Gould and others. In Wall Street, he was good; but when he came to La Salle Street, he flopped. The wheat boys dashed off a poem for Keene (with apologies to Thomas Hood), just before he went bankrupt. One stanza read:

"Wheat! Wheat! Wheat!
I wish I'd stood aloof
And Wheat! Wheat! Wheat!
Till it's piled up to the roof
It's oh! to be a tramp
And round free lunches lurk,
Where cornering wheat and samp
Is called unchristian work."

James A. Patten's story is happier. An Illinois farm boy, he successfully ran corners in wheat, corn, oats and cotton—the only man in history to corner the four most important futures markets.

Patten's biggest deal centered in May, 1910, wheat. He kept a score of correspondents in the country, who constantly reported crop conditions in code. He had similar men stationed in Argentina. Knowing that both the American and Argentine wheat crops were short, he bought all he could.

Settled for one cent

BY THE end of May, Patten had complete control of the market. But he didn't squeeze the shorts as hard as he might have. On May 30 the price of wheat was $1.33. The next day Patten boosted the price just one cent, permitting the shorts to settle there.

"That extra cent," Patten explained, "was just a tag on the deal to certify I had been right. It was the confirmation of my judgment."

In the giddy days of the 1920's the Board was dominated by Arthur Cutten, a puritanical teetotaler who had arrived in Chicago in 1890 from Guelph, Canada, with $90 and a high-wheeled bicycle. Cutten probably owned more grain at one time than any other man in history. Once the directors persuaded him to sell some "for the good of the Board." Other traders, seeing him ride the elevator to the directors' room, rushed in and dumped wheat, breaking the price. Cutten figured that elevator ride cost him nearly $1,000,000.

Unlike Patten, Cutten had no correspondents in the country. His trading technique was to test the market, and to base his position on what he found in such tests. When he became a wealthy man, he hid himself in a private office on La Salle Street with the name "Chicago Prorating Company" on the door.

Cutten operated through several brokerage houses. He bought futures through some and sold through others. His object was to confuse the trade about his net position in the market. Also, he didn't have much faith in the ability of brokers to keep a secret.

Today, the Chicago Board of Trade is one of the few remaining grain exchanges still operating. Once such free markets flourished in all large countries. Fixed prices have eliminated them—and may also have eliminated a good quantity of grain. Kansas City, Minneapolis and Winnipeg have grain futures trading, but their turnover does not compare with that of Chicago.

Seeing what has happened throughout the world, the Board is conscious of its vulnerability as the core of a free society. J. O. McClintock, executive vice president and chief executive officer, says, "Free markets are essential to liberty. It's a fallacy to pretend free markets can be abolished and liberty still preserved." And he adds: "We have witnessed in Europe people surrendering their freedom to regimentation and dictatorship. They were persuaded, by one method or another, that it was better to have security provided by the state than to have full right of self-determination. Those people have discovered a regimented government provided neither freedom nor security."



"I just couldn't bear to leave him home alone today"

Cut inventory losses

LARGE dealers in cash grain, including mills, use grain futures for hedging purposes. Hedging is just a form of insurance. When cash houses or mills buy cash grain, they sell futures. When they sell cash grain or flour, they buy futures. Any loss they might take on holding the cash article is nullified by a profit on futures.

Because of this insurance, mills are able to operate on a small mark-up for their products. Harry Bullis, board chairman of General Mills, largest flour miller in the world, once told me his company would have to increase substantially the price mark-up of its products if it were not able to hedge its wheat inventory in the futures market.

Few actual deliveries are made on futures contracts, but that

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Maybe *your* work doesn't call for a thousand or more calculators. Even if you need only one, you can still enjoy the same cost-saving advantages that Burroughs Calculators give America's largest corporations. Ask your Burroughs representative to show you the calculator best suited to your particular problem. Burroughs Adding Machine Company, Detroit 32, Michigan.

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WHEREVER THERE'S BUSINESS THERE'S BURROUGHS

Insurance . . . and YOU

#5 of a series of informative articles on insurance and bonding.

Do you know the actual cash value of your machinery?

Probably not . . . unless you've had an appraisal made lately.

Yet, it's important to weigh and record these values periodically (1) so that you will know what is adequate insurance protection for your machinery investment and (2) so that you will have the information, in the event of a disaster, to present in support of a claim. Such information is required by all insurance companies. Look at *your* policy!

The Hartford has just produced a machinery inventory form which helps you to develop *actual cash values.* This booklet, entitled "Your Machinery and its Actual Cash Value," shows how to estimate your machinery dollars correctly for insurance purposes.

"Book" values are not actual cash values!

Charging off a fixed percentage (based on the supposed useful life of a machine) to depreciation year after year . . . will not show the machine's *actual cash value. Actual cash value* may be estimated by determining the replacement cost of the identical model, installed today . . . minus a percentage of depreciation due to condition and obsolescence.

In most cases, the *actual cash value* of a machine is considerably higher than its "book" value. That's why, to avoid underinsurance . . . and perhaps a large financial setback, it's vitally important to insure your *actual cash values.*

Weigh *your* values carefully! Send the coupon below for the booklet "Your Machinery and its Actual Cash Value." A copy will be sent without obligation to any machine owner requesting it. For insurance advice, see your Hartford agent or broker.

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doesn't mean these contracts have no influence on the price of grain. They serve as a basis for most grain purchases in this country.

Industries must buy grain ahead —they can't sit on their hands and hope a carload of corn will arrive when they need it to keep their plants going. These so-called "to-arrive" purchases are based on the price of futures. For example, the Corn Products Refining Company will want corn to arrive at its plant in January. It will buy that corn at a premium or discount in relation to the price of the December corn future contracts at the time the purchase is made.

What foreign countries pay for wheat also is based on futures prices. Most buying by foreign countries is done through the Commodity Credit Corporation.

The CCC often does not bid a specific price. It buys a certain amount of grain from a cash grain house. The house, which had previously hedged this grain by selling futures, then buys back the futures. The price which the CCC will pay for its cash grain is the price at which the grain house buys back those futures, plus a couple of pennies or so a bushel mark-up.

This illustrates why government buying of grain for export is immediately reflected in prices of grain futures.

Dominant grain market

FIGURES posted on the blackboard dominate the world's grain trade—not just of this nation. Thus Broomhall, the British grain service with world-wide connections, recently said, "It is believed that both Canada and Australia use the Chicago wheat futures market for fixing their export prices. This is the last open and free market in the world and it reflects actual conditions of world crops and is a barometer for other countries where wheat is controlled by the Government."

Trading in grain futures has a solid legal basis, attested by the United States Supreme Court. That decision evolved from the Board's war against bucket shops. Bucket shops were institutions which accepted bets on grain price fluctuations, as reported by the Board's ticker. Around the turn of the century they sprang up all over the country, until one judge proclaimed, "Gambling in grains may be said to be the national pastime."

No grain ever was actually delivered on any futures contracts in a bucket shop. No orders were executed on a legitimate exchange. No commercial interests used bucket

shop facilities. Outsiders simply bet against the house on price changes. Most bucket shops hid in hole-in-the-wall dives, accepting $1 bets, but others assumed quite an aura of respectability. One of the most pretentious was the Metropolitan Grain and Stock Exchange, located in the Palmer House, Chicago's most famous hotel of the era. Much of the public antagonism toward brokerage houses today—both stocks and commodities—stems from the evil repute of these bucket shops.

Bucket shop's tape game

BUCKET shopping did not satisfy all sharpsters. To fleece the lambs quicker, William Shakel invented the Tape Game. Shakel had four offices in Chicago's Loop, all crowded with bleating lambs. His Tape Game was a completely fictitious "market." Each night numbers signalizing prices for wheat, corn and oats were printed on a tape. When the whole tape was filled, it was rewound and placed in a box. Next day, the tape was drawn slowly from the box, customers betting on the numbers.

The Board attacked all these imitation institutions with vigor. Its first move was to remove its tickers from all such shops—and from all saloons. Obviously, if the bucket shops couldn't obtain Board quotations, there could be no betting on those quotations.

But the bucket shops were inventive. Some Board members, or employes of Board firms, aided the shops. One Board firm hung a plank out its window, moving it up or down with the market. One member was caught signaling out the window. Thereupon, the directors barred all entrances but one, removed all telephones, prevented messengers from leaving the building and soaped all windows.

Eventually, the Board went into the courts to stop bucket shops from stealing quotations. The case went to the Supreme Court, with the bucket shops defending themselves by asserting that the Board of Trade itself was a gambling institution. Justice Oliver Wendell Holmes upheld the Board, and commented on speculation:

"As has appeared, the plaintiff's chamber of commerce is, in the first place, a great market, where, through its 1,800 members, is transacted a large part of the grain and provisions business of the world.

"Of course in a modern market contracts are not confined to sales for immediate delivery. People will



"Help me find your products!"

Sales are lost when prospects can't find your local outlets.

Trade Mark Service in Classified telephone directories directs prospects for you . . . all over the country. It's an economical, effective identification service that consists of placing your brand name and trade-mark in the Classified section ('yellow pages') of telephone directories wherever you have distribution. Your dealers or outlets are listed underneath.

Then prospects will quickly find "where to buy" your products and you will help yourself to increased sales.



For further information, call your local telephone business office.



Room Conditioners Needed By a Chicago Printing Firm — Chooses Frigidaire

Direct exposure to a summer sun can make business offices unbearable, especially when windows cannot be opened because of outside dust. Sleepeck Helman Printing Co., Chicago, had this problem until they installed two Frigidaire window-type Room Conditioners.

"The first name that came to mind when we thought of room conditioners was Frigidaire," says B. F. Spitzig (above), Vice-President. North Town Refrigeration Corp., Chicago, handled the installation.



For air conditioning and commercial refrigeration—call your Frigidaire Dealer. Find name in Classified Phone Directory.

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try to forecast the future and to make agreements according to their prophecy. Speculation of that kind is the self-adjustment of society to the probable. Its value is well known as a means of avoiding or mitigating catastrophes, equalizing prices and providing for periods of want. It is true that the success of the strong induces imitation by the weak, and that incompetent persons bring themselves to ruin by undertaking to speculate in their turn.

"But legislatures and courts generally have recognized that the natural evolutions of a complex society are to be touched only with a very cautious hand, and that such coarse attempts at a remedy for the waste incident to every social function as a simple prohibition and laws to stop its being are harmful and vain."

Corners are handicapped

THE Board still has its speculators, but they hardly rate in the class of the old-timers. Cornering the market is close to impossible. For one thing, the Board has its own business conduct committee, a group which can call for anyone's records at any time and can recommend expulsion. If there are any bad boys around, this power tends to repress them. Then, too, federal regulations prohibit anyone from holding a net position of more than 2,000,000 bushels in any one grain.

One of the leading professional traders today undoubtedly is Dan Rice. He joined the Board in 1920, but he'd been speculating in grain before that on the "poor man's Board"—The Chicago Open Board of Trade, an institution which has existed in Chicago for around 75 years and now is housed in a former cafeteria off La Salle Street.

Rice never appears on the Board floor. He operates from his office, Daniel F. Rice and Company, located right under the corn pit on the third floor of the Board of Trade Building.

Another big speculator is Max Nierman, who became a member in 1923. He first became prominent in the 1933 market, when he was believed to have made large profits.

Two other speculators are Ed Maynard and Paul Berry. Maynard, who is reported to have made $200,000 to $400,000 as a short in the February market fall, has been a member since 1917. He trades through brokers in the pits, reaching them by telephone and calling them out of the pits when he wants them. Berry is a comparative newcomer, having bought a seat in 1946. He came from Milwaukee. Old-timers refer to Berry and some other new members as "the Young Bulls"—the new men who have been riding the advancing market since the war ended.

These men believe they, and the thousands of little speculators like them, perform a necessary function in the task of feeding the world.

Risk is spread out

THE speculators do not create the speculative risk inherent in grain handling. The risk would be there anyway, only speculation would be centered on cash grain. Since a grain crop is harvested within a short period of time and consumed over the year, someone has to hold the grain until it is consumed.

While this grain is held in thousands of little country elevators, as well as the gigantic elevators at terminal markets, the price will continue to fluctuate. If the firms handling the grain were unable to protect themselves by hedging in the futures market, they would, in effect, be speculating on the price of cash grain. The only way to eliminate that speculative risk is to set a fixed price by government edict. If you don't want government price fixing, you must have speculation.

By futures trading, the speculative risk is transferred from cash houses, mills, processors and similar business firms to the speculator.

To some, speculation has a fascination which is irresistible. Others can leave it strictly alone. Sam Raymond is in the latter group. He joined the Board in 1896 and has never bought or sold a bushel of grain for future delivery. He runs the Raymond News Service, an "inside" publication which comes out in four or five editions while the market is operating. It carries statistical information and goes to cash grain houses.

Raymond's helper is Ilene Wenzel, the reportorial, mechanical and circulation departments of Raymond News. She was one of the girls permitted on the Board floor during the war. Ilene's newspaper equipment is a stack of paper and a mimeographing machine. Once, in a wry moment, she doused the paper with perfume before distributing it. Startled traders, wafting the perfume scent as they hurried about their work, conceded that a new world had arrived, and that the second 100 years on the Chicago Board of Trade might be even more interesting than the first.



History is a long story of dissatisfaction with money and of the efforts or promises to perfect it. The cry has been loudest when prices have fluctuated rapidly



The money issue has marked election years for decades. The Democrats in 1856 opposed bank chartering; in 1872 both parties favored specie resumption



William Jennings Bryan's silver-tongued "Cross of Gold" speech won him the party nomination for chief executive and a statue of himself in Washington

All Money Is Perverse...

By HERBERT BRATTER

CURRENCY control has been the aim of smart operators since the ancients but the stuff follows its own rules, regardless

NO DISCUSSION of business conditions is complete today until it gets around to price fluctuations and the need to do something about them.

He who would do something must step on toes. There are always some people who benefit from price changes either up or down. There is not always even complete agreement that inflation is bad. Witness the depression '30's when the Warren-Pearson price-control-through-gold-manipulation theory, the silver purchase legislation, and devaluation and gold nationalization were all adopted with the idea of inflating the volume of our currency and causing a rise in prices.

Then the idea was that higher prices would be a good thing. More recently the clamor arose that prices were too high. Debtors always want "cheap money" so that they can obtain it more easily to meet their obligations. Creditors always want money "dear," so that the dollars they collect will buy more goods.

There are people in both groups who feel that government management of money and banking will serve the purposes they seek, while others in both groups want to have no further government interference.

No wonder people are confused.

Our own national history is a long story of dissatisfaction with money and of the efforts or promises to perfect it.

The outcry for action is loudest when prices have been moving rapidly, up or down. To appease the clamor or to serve their own ends, governments have had a go at "controlling" money ever since there were currencies to control and governments with power to act.

So old are the arguments and so repetitious the methods that a man of some past century, could he return to earth and listen to the discussion today, might well remark, "This is where I came in."

Back in 1856, for instance, the Democratic platform declared: "that Congress has no power to charter a national bank; that we believe such an institution one of deadly hostility to the best interest of the country, dangerous to our republican institutions and the liberties of the people, and calculated to place the business of the country within the control



In the old days coins were clipped with a sharp knife for obvious reasons. Modern practice of this fine art is known as "devaluation" or "currency management"



Dionysius, tyrant of Syracuse, worked the devaluation stunt to wipe out a debt he owed his people. He called in coins, restamped them at twice their value



Many a ruler, including Joe Stalin, has tried his hand at price control, but you've got to go back to the time of Christ for the first man. He lived in Rome

of a concentrated money power and above the laws and the will of the people. . . ."

The 1868 Democratic platform pompously planked for "one currency for the Government and the people, the laborer and the officeholder, the pensioner and the soldier, the producer and the bondholder," while the Republicans patriotically proclaimed: "We denounce all forms of repudiation as a national crime."

In 1872 the Democratic platform—even as Rep. Howard H. Buffett of Nebraska today—demanded "a speedy return to specie payment," while the Republicans, not to be outdone, "confidently" expected that "our excellent national currency will be perfected by a speedy resumption of specie payment."

Four years later the Democratic platform denounced "the financial imbecility and immorality" of the party in power, which had made no advance toward "resumption."

We find in the record regularly every fourth year, demands for "honest money," the gold standard, or bimetallism; the excoriation of "private corporation paper circulated as money," "our archaic banking and currency system," and the like. Not alone demands, but dramatics, too. William Jennings Bryan's "Cross of Gold" speech won him a presidential nomination and a statue in Washington.

In 1894 "Coxey's Army" descended on Washington from Ohio to persuade Congress to issue $500,000,000 of irredeemable paper currency for unemployment relief by road building—a "PWA."

As a result of the panic of 1907 "currency reform" received a stimulus. There followed the National Monetary Commission, recommending a Reserve Association of the United States, which should ultimately have sole power of note issue. The "money trust" and banking reform became national topics.

In 1913, the Federal Reserve Act was passed. The "dirt farmer" finally got a direct voice in the managing of monetary policy. The country was to have an "elastic" currency; interest rates were to be equalized. Thus acted the Democratic Congress, elected on the plank: ". . . Banks exist for the accommodation of the public, and not for the control of business." It was only much later that another Democratic administration put Marriner Eccles, advocate of bank centralization, at the head of the Federal Reserve Bank. Now Eccles has stepped down a peg.

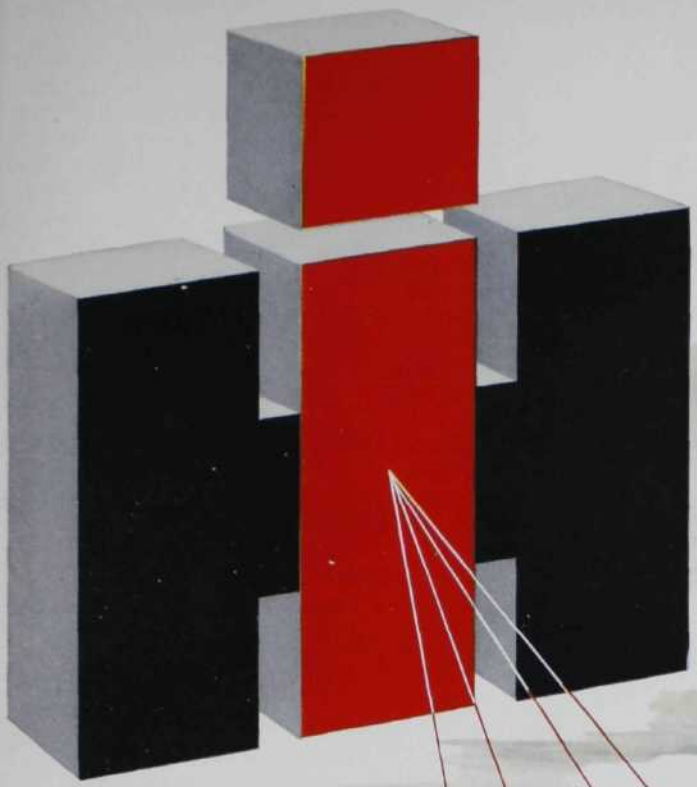
In recent years, we have got more and more government "management" of the currency and credit system, under former Secretary Morgenthau's policy of making Washington the financial capital. But we do not seem to have been able to attain a stable economy and a stable dollar.

Too many factors and forces won't be controlled in spite of formulas which flutter down from ivory towers: "compensated dollars," gold-price changes, price control by legislative mandate, bullion nationalization and embargoes.

These things, all suggested today, are really an old, old story with, at best, a modernistic polysyllabic dressing. For example:

Managed Currency: What used to be called "coin clipping"—a good name when you could see what was happening to the currency—is today called "devaluation" or "currency management;" only, the folding money on which this ancient art is still practiced shows no telltale scars. The more's the pity.

The frequent adjustments of the parity of the French franc in our lifetime—and there is no end of them in sight, World Fund or no World Fund—are nothing new. Between 768 and 1764, history records



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A quarter of a century ago, an engineer's idea . . . today, a reality: a group of five all-purpose tractors with matched machines for every size farm, every crop and soil condition. *That's the Farmall System!* Above: Farmall C with TOUCH-CONTROL.

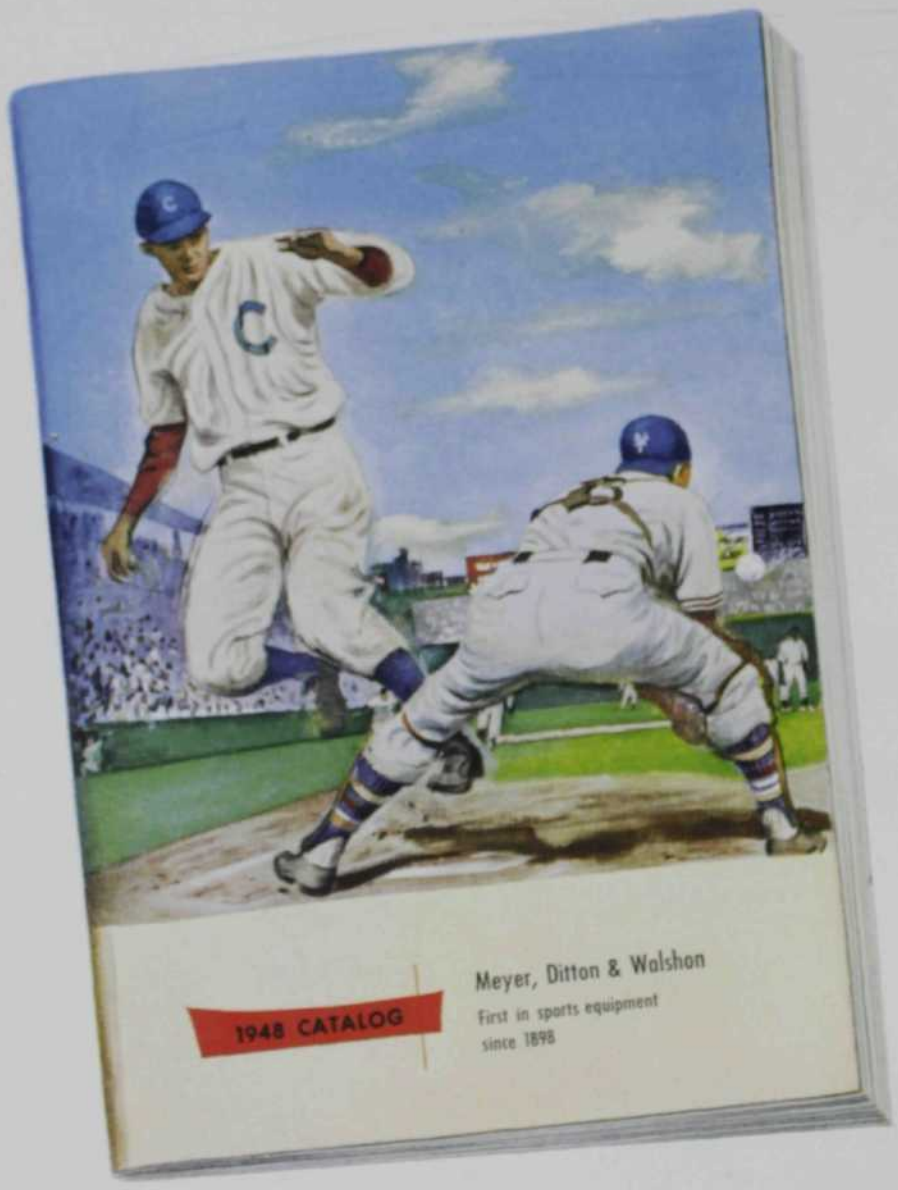
Good listening! James Melton on "Harvest of Stars." Wednesday night, CBS Network.

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40 different official debasements of the French livre, or "pound."

The monetary history of Italy, Germany and other continental countries yields countless similar facts, while in England the enlargement of the authority and dominions of the kings, starting with Henry II, ushered in an era of national debasement and profligate monetary practices. Between 1300 and 1464 the weight of the silver penny declined from 22 grains to 12; and, by way of innovation, the depreciation was effected by covertly reducing the fineness of the coins.

Centuries earlier, Dionysius, tyrant of Syracuse, resorted to devaluation to get rid of a large debt he owed the people. He commanded that all coins in the city be brought to him, under penalty of death, and then restamped them, raising their face value 100 per cent. Thus he was able to wipe out his debts with a profit "taken out of thin air," to use the expression by which Prof. James Harvey Rogers described our own similar 1934 operation.

In Greece Aristotle noted, although without accepting it, the existence of the managed-currency view that it makes little or no difference what material is used for money. Plato seems to have shared that theory, when in his "Republic" he referred to money as a "symbol or token" and in his proposal in his "Laws" that gold and silver should be reserved only for trade with foreigners while token money should suffice for domestic use.

Managed currency of today is an intricate business. It involves "open market operations" in government securities by the central banking authorities, to make interest rates dearer or cheaper. It involves also Treasury debt management, "sterilizing" gold or otherwise compensating for its inflow, altering bank reserve requirements, and exercising other influences on the quantity and cost of money.

The quantity theory of money has become complex, but the general idea is about as old as the seven hills of Rome.

E. W. Kemmerer has traced the quantity theory in a vague form to the third century Roman jurisconsult, Julius Paulus, who wrote that money derived its value not so much from its content as from its quantity.

Alexander Del Mar, studying the history of the ancients, concluded that many peoples did—for a time—achieve the goals of managed money: "... Before felted paper, or paper of sufficient toughness for the purpose, was invented, the symbols of such money consisted of porcelain tablets, as in China; thin iron discs, as in Sparta; highly artistic copper discs, as in Rome; discs of a secret metallic compound, as in Carthage; or tablets of stamped clay or leather, as in several other states. In all cases where these moneys permanently [sic] retained their original value, it was by means of limiting the number of symbols employed."

Nowadays adherents of the quantity theory of money assume "velocity of circulation" to be part of "quantity." But this, also, is no Atom Age discovery. Richard Cantillon, writing more than 200 years ago, remarked that "a greater speed in the circulation of money in trade amounts to the same thing as an increase in standard money, up to a certain degree."

Price Control: A favorite but not too effective tool of modern money managers is price control, the holding back of economic forces by Canutian decree. Price control, however, is not a discovery of Chester Bowles or Joseph Stalin. More than a century before



Diocletian, a champion at price fixing, is believed to have upset the Roman applecart back in 301 A.D. when he fixed the cost of everything from beer to gold



Even rationing is an old chestnut. In France in 1792 times got tough and out came an "OPA." Like today, it failed, despite the use of spies to trap chiselers



The first American paper money was issued in 1690 in Massachusetts and was used to pay soldiers. Other colonies picked up the idea on various pretexts



Labor's stay-on-the-job record is

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During the past five years, a smaller proportion of man-days was lost as a result of strikes in New York State than in any other of the nine leading industrial states. Collective bargaining is not new here; labor and management have been settling their differences peacefully for a generation.

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Christ, in the time of the Gracchi, prices were "fixed" in Rome. As stated by Elgin Groseclose: "To the political logic of the Romans it was easier to solve the demands of the depressed classes by arbitrary measures against speculators and honest traders than by attacking the fundamental question of a sound fiscal and economic system." Not very dissimilar has been the 1948 Washington witchhunt for grain speculators and severer control of the commodity exchanges.

Diocletian's famous price-fixing decree to the Roman Empire in 301 A.D.—"the last measure of a desperate sovereign," according to Groseclose—must have been resented in every hamlet. That Latin-speaking "Leon Henderson" fixed the prices of all articles of trade, from a measure of beer and a bunch of watercress to purple silk and bar gold. The decree even embraced the cost of services, such as those of barbers, sheepshearers and lawyers.

All ancient states, in fact, enacted price-fixing legislation.

Rationing: Rationing, too, has had its precedents. In France, which had an "OPA" in 1792, the basic wholesale price of each "article of necessity" was increased to allow for fixed transportation costs, plus five per cent profit for the wholesaler and ten per cent for the retailer. Since this system was widely evaded, city inhabitants were rationed, being given tickets (ration coupons) authorizing the bearer to obtain at the official prices bread, sugar, soap, wood or coal. But no man-made law can surpass economic law. Despite a system of rewards and spies, backed by the guillotine, the black market was not suppressed.

Printing-Press Money: The clank of the printing press always drowns out the edicts of the lawgivers. As drops of water wear away rock, so paper money gone wild smothers its practitioners.

More than two millenniums before Christ, the Babylonians and Chaldeans used as "paper" money promissory notes in the form of clay tablets.

Fiat currency (paper money which is made legal tender by law) is said to have been first used in China. When Marco Polo returned from the country in the thirteenth century he reported that the Chinese used banknotes made from the bark of the mulberry tree. These notes bore a sketch of ten strings of cash and the peremptory inscription: "Great Ming general

circulation treasury note, to be current under the heavens," with at the bottom a sharp warning: "Counterfeiters will be decapitated."

The evils of paper money are well understood in modern China, but not avoided. In Shanghai today one American paper dollar will buy 500,000 Chinese dollars. During the war China's principal import, flown over the Hump, was money —American gold and Chinese paper notes by the ton.

The gold disappeared into private pockets; the paper fertilized the ground for the devastating postwar inflation.

Chinese trashmen have found out how to "get rich quick." Because people are exhausted carrying around the bankrolls necessary for daily life, secondhand paper dealers offer large-denomination notes for 100 yuan notes. These they buy not by count, for that is not worth the time, but by the pound: 2,000 yuan per pound, the AP reports from Nanking.

The extent to which Rome used fiat money is not generally appreciated. Rome had no Bureau of Engraving and Printing, but numismatic relics long regarded by the learned world as copper coins were essentially irredeemable notes stamped (for lack of paper) on copper, and devised and designed to pass in the exchanges for a much greater value than that of the material of which they were composed. How like our silver dollar and silver certificate of today.

In "The Story of Money," Norman Angell says:

"There is not a device known to modern banking and monetary science, the general idea of which one cannot find revealed somewhere in the ancient world."

War always brings printing-press money. The first paper money issued in this continent was "playing card money," paid out by the colonial governor of Canada to his troops in 1685 for lack of French currency. It continued to be issued as late as 1749.

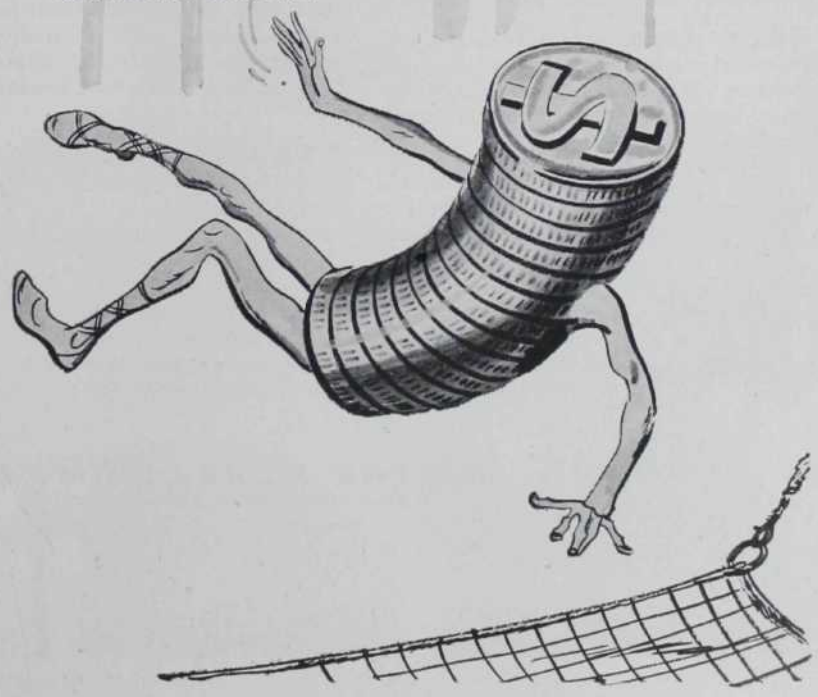
The first government paper money in the United States was issued in Massachusetts in 1690 to pay soldiers. Other colonies followed suit on various pretexts. Legal tender acts compelled acceptance of the fiat notes for debts. The "debtor class" obtained laws which allowed the purchase of as much property with paper as with specie. Most colonial legislatures prescribed severe penalties for discrimination against the paper money. The sequence of events, as described by the historian, W. W.

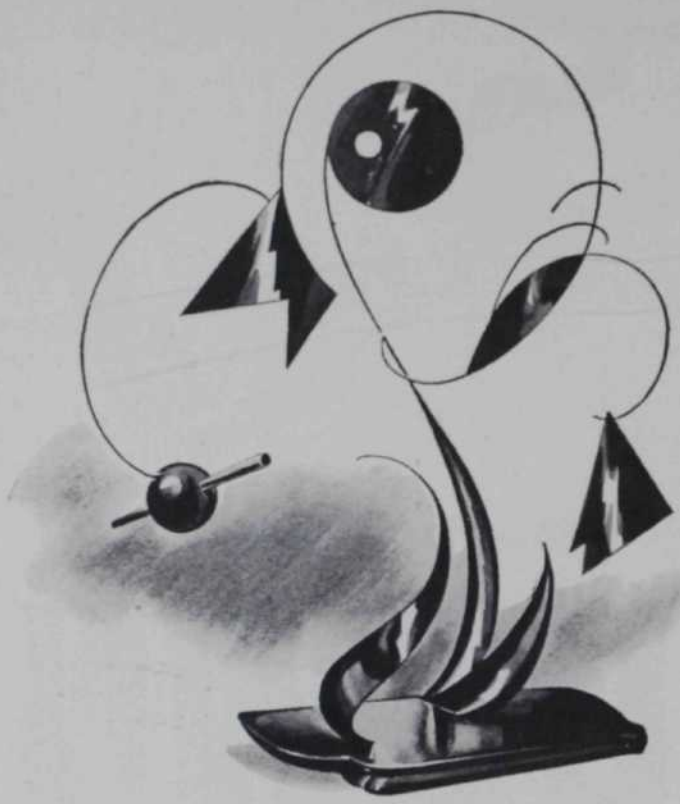
Tax rates are

DOWN

in New York State

Business taxes—corporate and unincorporated—are down 25%. Personal income taxes cut 40%. No state sales tax, no excess profits tax. And in the past three years unemployment insurance tax credits to business firms totaled $300,000,000. It *pays* to locate in New York State.





In name only...

The object pictured above is Art, abstract division. It is called a "mobile" which rhymes with feel, or heel.

The daffy doohickeys hung on it rotate, revolve, turn and flutter. Reminds you of some people you see in offices—who go through the motions, get nowhere!

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Jennings, was: issuance of paper, disappearance of specie from circulation, counterfeiting, wearing out of bills, replacement of worn-out and counterfeited issues with new bills, extension of time, depreciation and repudiation.

Gold: The Rooseveltian policy that took gold out of circulation here and made the dollar redeemable in gold only externally seems to have been patented in historic Greece, where Plato proposed that gold and silver be reserved for external commerce only.

In our generation the refusal of Sweden and Switzerland to accept all the gold offered had its counterpart in Sparta's "scientific" experiment under Lycurgus in 900 B.C. Lycurgus, having introduced token money in the form of iron discs, prohibited the production and importation of gold and silver, as well as their use as money. This policy was imitated in many Greek states and colonies and, according to Del Mar, was maintained for upwards of 350 years.

We have seen in our times instances of deliberate currency appreciation in terms of gold. These attempts have proved short-lived, though well-intentioned. An earlier case of appreciation occurred in France in 1719, when, under the direction of the famous Scotsman, John Law, the Royal Bank, to stem a run, lowered the value of gold from 35 to 34 paper louis per livre. It didn't work.

In 1793 the French Government enacted drastic imprisonment in irons for anyone selling gold or silver at premia or otherwise discriminating against the paper currency, with which the country then was flooded. Later the same year it suppressed under terrifying penal-



ties all traffic in those precious metals.

Rome at times is believed to have restricted bullion exports. At other times it officially encouraged bullion inflow, causing inflation.

Other Precedents: When the American Army first used invasion currency in North Africa, people regarded it as an innovation. Actually invasion currency was known to the Greeks, who, invading Sicily in the pre-Christian era, used token coins: ancient "invasion lire."

Seeing the Government today influencing prices by the purchase and sale of commodities, we may recall that in Rome this, too, was practiced. There, taxes were collected in kind. Grain also was received as tribute, while some was bought by Rome's "Commodity Credit Corporation." Private grain speculation became risky.

There were even monetary unions in ancient times, and during the renaissance an international unit of account agreed upon by the great merchants and trading corporations.

Athens had its debt destroyer in Solon, who in 694 B.C. came to the rescue of the debtor classes with his revolutionary "shaking off of burdens" decree, abrogating all personal and farm loans and liberating those imprisoned for debt. Solon, like Roosevelt, also debased the currency. What marks the Solonian experience is that currency depreciation thereafter rarely was resorted to in Greek cities. Athens, having learned its lesson, became an advocate of hard money and formal abnegation of currency depreciation was part of the oath which members of the popular judicial had to take annually.

Katherine Fullerton Gerould describes the atmosphere of Rome during the first two centuries A.D. as characterized by rampant materialism; the ease and frequency of travel to all parts of the known earth; the passion for speed; the juxtaposition of great wealth and great poverty; the breaking down of old social barriers and rise of a rich parvenu class; the immense importance of money; curiosity; tolerance; disillusionment; emancipation of women; and a tremendous influx of foreigners which made melting pots of Italian cities. Nothing so very new here.

One sure lesson to be learned from the past is that, over the years and generations, money tends to buy less and less. Franklin Roosevelt probably thought he was a benefactor of mankind when, as

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Watch a freight train pounding past and you'll see a miracle in the making—the miracle of American mass production.

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The job these freight trains do staggers the imagination. They carry a traffic equivalent to moving more than a million tons of freight a mile every minute of the day and night.

In doing this, the railroads today are paying wages and prices for the things they buy which average 75 per cent higher than before the war... while the average pay they get for hauling a ton of freight one mile has gone up less than half that much.

So the next time you see a freight train pounding past, remember that to *keep on* providing the low-cost mass transportation on which the miracle of American mass production depends, railroads must be allowed to earn enough to keep their plant and equipment abreast of the needs of the nation.

ASSOCIATION OF AMERICAN RAILROADS

WASHINGTON 6, D. C.

recently related by Cordell Hull, he cabled the world economic conference in London in 1933:

"Old fetishes of international bankers are being replaced by efforts to plan currencies with the objective of giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and need of modern civilization. Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the near future."

But 14 years and one war later, Representative Buffett reported to the House that, measured by 1947 groceries, a $1,000 Treasury savings bond issued for $750 in 1939 had shrunk to $387 in buying power.

Thus the money question is still with us.

The endless history of political battles over money has not ended. Indeed, it has a new lease on life with 1948's problems, here and abroad. The Government, to service our huge public debt as cheaply as possible, is reluctant to see money rates increase and therefore wants inflation checked by tighter commercial bank credit policies and by increased saving by citizens. All sorts of reasons are adduced for not doing what is unpleasant to do. There is no better time than an election year to appreciate the political issues faced by our money managers.

So as we head into the season of political conventions we may look for another chapter of pious platitudes all around, about inflation and monetary policy. And, unless a depression comes to the "rescue," the purchasing power of our currency and our savings may continue to melt while time marches on.

Mistakes Business Men Make in Politics

(Continued from page 35)

blood-brother oaths to put business to the stake in order to sweat out more tax dollars. He is likely to leave any participation in such functions to officials of his association, which he also neglects. Many of these organizations perform useful and meritorious services for him and the public at large. A few are perpetually weaning themselves on sour pickles. Efforts of the latter succeed little more than bringing business into disrepute.

I feel business men are open to censure for their lack of participation in politics and government. Beyond a contribution to one party or the other, or perhaps both, out of a commercial instinct for hedging, the average business man takes no part in politics. He might listen to a campaign address if there is no comedy program on the air. He intends to read important speeches, but too frequently puts them off unless he has a long wait in the barbershop. He might lift his voice in argument in the locker



"What is it this time that we should have thrown away anyhow?"



Meat Cooler Refrigeration Is Installed by Texas Cafe —Chooses Frigidaire

As he did 24 years ago, when he installed the first mechanical commercial refrigeration in Dallas, Texas, Mr. Faithon P. Lucas has again chosen Frigidaire equipment for his B&B Cafe.

Latest installation, made by Joe Hoppe Co., was for Mr. Lucas' new meat cooler and back bar delicatessen case. "The dependability of Frigidaire has caused us to turn to your company whenever we needed equipment," says Mr. Lucas.



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"It carries a true picture of business action and thinking."

Pass your copy along, too. It will be welcomed and read in any of a score of places—the Y.M.C.A., or Y.W.C.A., in a boys' club, a high school library, a recreation center.

Why not make a regular practice of sharing this good thing?

NATION'S BUSINESS

Washington 6, D. C.

room of the country club, but will not follow debate in Congress.

If I exaggerate, I do so only to emphasize the importance of thorough information on public questions. The business man should take his duties of citizenship, particularly in casting his ballot, most seriously. It is one way of preserving the free enterprise system, perhaps the most important way.

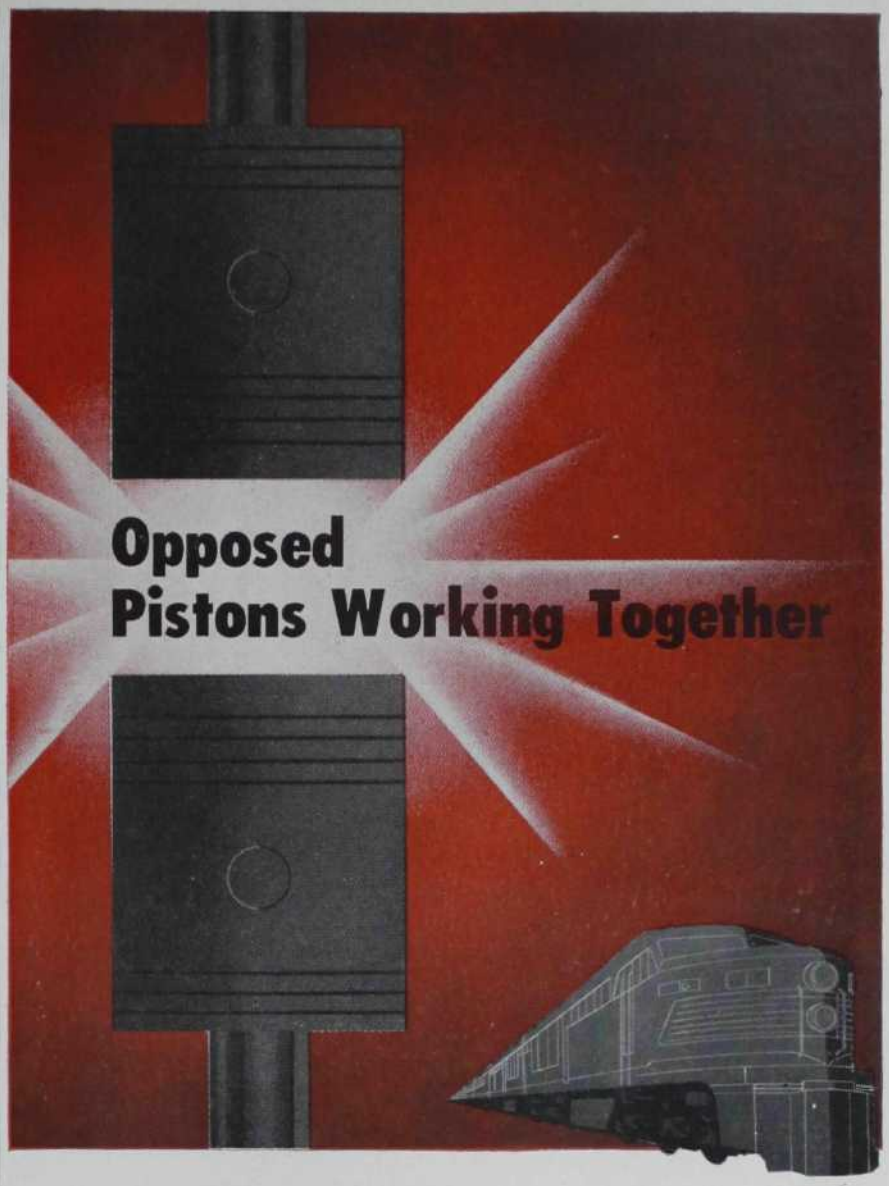
Many shun government service

EXCEPT in periods of crisis, usually in time of war, business men hesitate to enter government service even in Cabinet rank. Yet, as was the case during the war, they perform magnificently. No small part of our victory in the field may be attributed to their service. By the same token, it may be that part of our failure to win the peace may be due to their reluctance to take a larger role in our postwar government establishment.

To be fair, I must recognize that the fault may not be entirely theirs. It may be that few are called and fewer are chosen for federal service. Nothing is more embarrassing than to volunteer and to be judged wanting or unworthy. Sadly enough, I speak from experience. After Pearl Harbor I offered to return to the Government. In all modesty, I felt I had talents which my country might employ to advantage, only to find that my offer went ignored. It is a matter of profound regret to me that I was not permitted to join in the war effort.

I did not repeat my offer, having no wish to place myself in the position of the persistent and perennial candidate for public office, who rushed to the home of a New York district leader on learning of the death of an officeholder. "I'd like to take Flanagan's place," he pleaded. The district leader eyed him coldly for a moment and then observed sententiously, "It's all right with me, if you can square it with the undertaker."

But to return to federal service by business men, it is my firm conviction that at no time in history as at present does the country and the world so need the best brains and ability. If the world is to be set on its feet economically and politically, it will be through the combined efforts of experts in industry, labor, agriculture and politics. I am sure such a team can master problems at home and abroad, and I earnestly urge those in business who are called to step forward like soldiers and answer a summons with "Here and ready for duty."



For Finer Motive Power

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A name worth remembering



When Teddy Roosevelt formed his Progressive party in 1912, a cartoonist showed him as "ready to ride and spread the alarm"

Elections

Years ago, Hinnissy, manny years ago, they was a race between th' Dimmycrats an' th' Raypublicans f'r to see which shud have a choice iv principles. Th' Dimmycrats lost. . . . The Raypublicans come up an' they chose th' "we commind" principles, an' they was nawthin' left f'r the Dimmycrats but th' "we denounce an' deplores." I dinnaw how it come about, but th' Dimmycrats didn't like th' way th' thing shtud, an' so they fixed it up between thim that whichiver won at th' iliction shud commind an' congratulate, an' thim that lost shud denounce an' deplore. An' so it's been. . . .—MR. DOOLEY

IS AMERICA today facing a major challenge to the traditional two-party system, or does the candidacy of Henry A. Wallace represent only a temporary departure that will have no permanent effect upon our political habits? Although the third-party drive for Wallace is not likely to last beyond (if indeed it lasts until) next November, there are other



Bob La Follette was joshed in 1924 for trying to play up farmer discontent

Kill Third Parties

By MORROE BERGER



NEW YORK PRESS

Populists were pictured as giving their party the brush-off when they supported William Jennings Bryan for President

forces which may unite to present a more serious threat after 1948.

Liberal and socialist groups are hoping to produce an enduring political realignment by making organized labor the core of a third party sometime between 1948 and 1952. These groups oppose the Wallace campaign as the reflection of Russian and American communist policy, but they do not reject the claim that America needs a new party. Whether they can threaten the two-party system in the distant future remains problematical. There have always been liberals and labor leaders who favored third parties—until the time came to implement these aims in an election year.

Present third-party advocates, whether for or against Henry Wallace, carry an influential tradition in America, because this country has a heritage of minor-party activity in the midst of the two-party system. The first labor party in the modern world, the Workingmen's party, was organized in Philadelphia in 1828. Since then there has been an unending procession of minor parties of liberal-radical persuasion. Most of them have been one of three kinds:

1. Farmer-labor parties, seeking support among the working farmers, trade unions and unorganized labor, unaffiliated liberals and radicals and such discontented members of the major parties as cared to join them.

2. Strictly socialist and communist parties, seeking mainly working-class backing and

hardly expecting important electoral victories, but hoping to "educate the masses" politically.

3. "Independent" parties, aiming at all groups, rather than appealing only to labor or the farmers.

The importance of independent politics in the United States is evident in the fact that many reforms enacted by the Republicans and Democrats were first advocated by the third and minor parties. Among such reforms are: abolition of slavery, regulation of trusts, federal income taxes, social security, wages and hours legislation, direct election of senators, woman suffrage, free education, trade union recognition, regulation of public utilities, conservation and development of natural resources.

Third and minor parties, according to one maxim of American politics, have, in the past, been most prominent during periods of economic crisis or great abuses on the part of business or government. This held true, however, only until the New Deal broke the rule by bringing into play still another maxim of American politics: that a third party has little chance of success when the leadership of either of the major parties can attract the liberals and the trade unions.

The interplay of these two political principles is the key to third-party politics in the United States. Under the New Deal, for example, the Democrats played the role of a third party—in power. As a result, three attempts to build a new national party failed, and even the leftist parties lost ground.

The three attempts to organize a third party after 1932 were made by the Union party under the leadership of Father Coughlin and Dr. Townsend, by the national Progressives of America led by Philip La Follette, and by Labor's Non-Partisan League—precursor of CIO's Political Action Committee.

The Union party was born in the election year of 1936. Its presidential candidate, Rep. William Lemke of North Dakota, was a New Deal Republican who found he had much in common with three political extremists who were trying to build mass movements, Father Coughlin, Dr. Townsend and Gerald L. K. Smith.

Expectations were boundless. Coughlin and Townsend, at least as eager to see Roosevelt defeated as they were to see Lemke elected, made rash predictions of Union party success. Coughlin even promised to go off the air if Lemke did not poll at least 9,000,000 votes. The party died the day after the election, when the returns showed Lemke had attracted less than 1,000,000.

In 1936 the Progressive party swept the Wisconsin elections under the leadership of the La Follette brothers, Robert, Jr., and Philip, inheritors of the liberal mantle of Bob La Follette, Sr., who, in 1924, polled 5,000,000 votes in a third-party campaign against Calvin Coolidge. Contemplating the phenomenal success of the Progressives in their home state, Phil La Follette decided the time had come to implement third-party talk.



WASHINGTON NEWS

Talburt sees Wallace as a "new entry in the political zoo"

Smothered by election

AFTER much advance publicity, he announced, in April, 1938, the formation of the National Progressives of America. It was hard to tell, from the brief platform, whether the N.P.A. wanted to be considered left or right of Roosevelt. But it did seem pretty clear that Phil La Follette was trying to sew up labor, the farmers, small business men, Coughlinites, Townsendites and all other loose threads in the political patchwork.

The new party, hardly six months old, was smothered in the November elections. This rout so deflated the new organization that by election day of 1940 it had simply disappeared.

Labor's Non-Partisan League was organized in 1936 to coordinate labor support for the New Deal, with the eventual aim of forming a third party. In 1940, however, the League supported no presidential candidate and offered no ticket of its own, because there was sharp disagreement between those who favored and those who opposed a third term for Roosevelt.

These recent failures of third-

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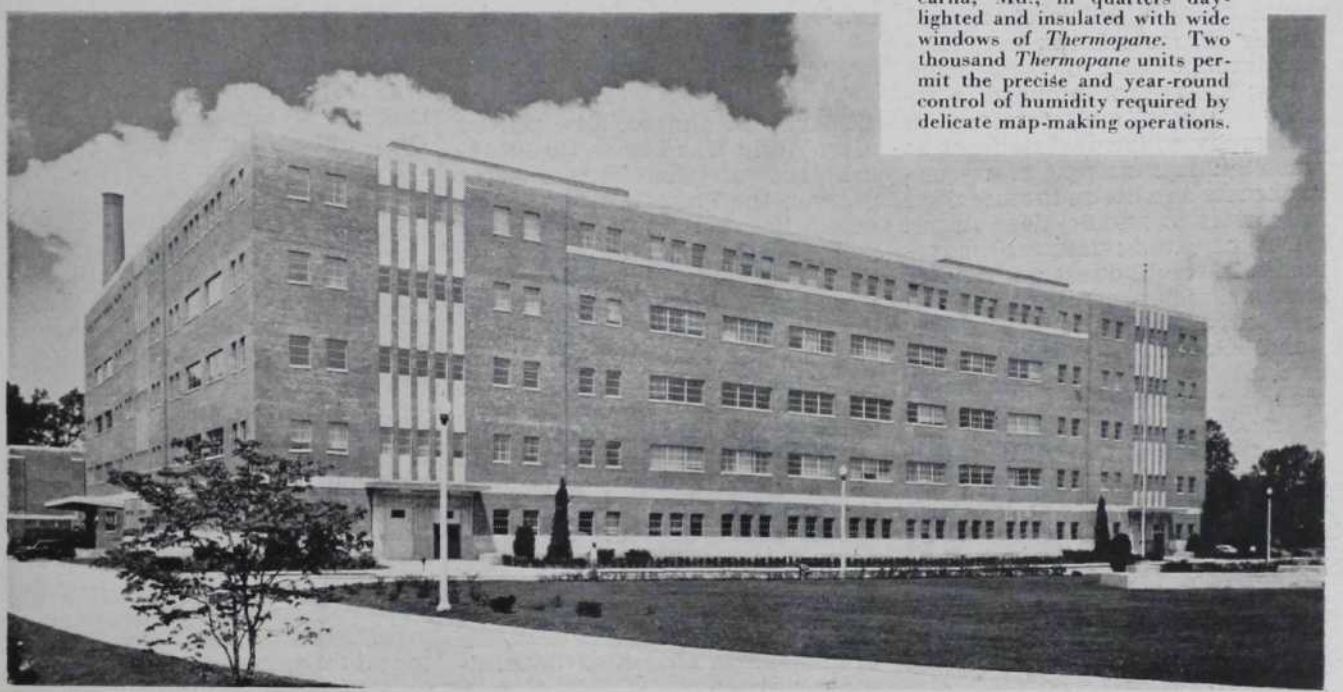
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party movements are not unique. American political history is strewn with the corpses of minor parties. The record is not one to encourage the advocates of a third party today. Only three times since 1860 has a third party attracted even as little as ten per cent of the total vote. These exceptions were the People's party (Populists) in 1892, the Republican Progressives under Teddy Roosevelt in 1912, and the independent campaign led by Bob La Follette, Sr., in 1924. In most elections since 1860, the minor parties failed to obtain even five per cent of the presidential vote.

Collapse of labor reform

THE earliest national third-party attempt was made in the post-Civil War economic crisis that lasted almost the entire decade of the 1870's. The National Labor Reform party was built up in 1872 from independent labor parties in many industrial states, but it got only as far as nominating a candidate for President, Judge David Davis. When a liberal Republican movement nominated Horace Greeley and the Democrats endorsed him, Judge Davis promptly withdrew, thus ending the National Labor Reform party.

Two other third-party movements which followed showed similar characteristics: organization around one or two main issues; a platform intended to attract workers and farmers; a philosophy which revealed not so much an intransigent class-consciousness as a desire to raise their supporters to middle-class status.

Out of strong farmers' movements in the Midwest and Pacific states, directed against railroads and large corporations, the national Greenback party was organized in 1875, seeking mainly monetary reform. The bitterness of the depression year of 1877 and the employment of federal troops in a strike caused many local labor parties to ally themselves with Greenback party units. Under the name Greenback-Labor party, this national third party in 1878 polled more than 1,000,000 votes, electing 14 candidates to the House of Representatives and many state legislators.

But the party declined rapidly, because the resumption of specie payments deprived it of a major plank, and the business revival of mid-1879 lessened labor's interest in politics.

With the formation of the American Federation of Labor in 1886, trade union political activity waned, since the AFL discouraged labor politics.

The farmers, however, constantly dissatisfied with the Government's silver policy and low farm prices, managed to unite their scattered organizations into a People's (Populist) party in 1891.

In the presidential election of 1896, the Populists supported the Democratic nominee, William Jennings Bryan. The campaign ended in a narrow victory for Republican William McKinley, who received 7,000,000 votes to 6,500,000 for Bryan. Merged in the Democratic party, however, the Populists lost those qualities that had distinguished them from the major parties. In 1900 President McKinley defeated Bryan by an even greater margin.

Thus ended the last major political revolt of the farmers.

The next great third-party movement was led, in 1912, by Theodore Roosevelt who cut a slice out of the Republican party and formed a new Progressive party which commanded the support of the traditional liberal and independent voters who wanted to curb the power of big business and the abuses of government. But Roosevelt's candidacy succeeded only in insuring the success of Woodrow Wilson. With Roosevelt's defeat, the Progressive party went out of existence.

Communists got a party

THE rise of the socialist parties after World War I led to the establishment of the Farmer-Labor party of the United States in 1920, when its presidential candidate polled 265,000 votes. Too radical for the other farmer and labor groups, it welcomed the cooperation of the Workers (Communist) party, and thus gained the distinction of being the first important leftist movement which the Communists entered and eventually dominated. When the trade unionists saw what had happened, they tried to force the Communists to withdraw, but failed. Later, in 1924, the trade unionists themselves left the F.L.P., giving the Communists a "movement" composed almost wholly of themselves. By 1926, the original F.L.P. had joined the third-party corpses.

In the early 1920's, despite the AFL's opposition to political action, some trade unions felt that politics were too good a means for labor to ignore. The powerful railroad brotherhoods, disappointed by the Government's return of the railroads to their former owners in 1920, issued a call for a Conference for Progressive Political Action in 1922. Attended by delegates from unions, liberal groups, farmers' organizations and minor political parties, the Conference set up an organization which grew rapidly.

When, in 1924, Bob La Follette, Sr., announced that he would run for President as an independent, the C.P.P.A. asked him to accept its support. He did, with Burton K. Wheeler as his running mate. The Republicans, concentrating on La Follette rather than on Democratic nominee John W. Davis, were able to poll more than 15,000,000 votes for Calvin Coolidge. The Democrats received more than 8,000,000, and La Follette attracted almost 5,000,000 votes, a phenomenal total for a new third party.

Though the socialists were elated by La Follette's showing, the railroad brotherhoods were disappointed and turned away from independent politics. The C.P.P.A. took its place among the defunct third parties.

Barriers to third parties

IN their quest for political power third parties have been blocked by many obstacles arising from our federal form of government and the two-party system.

Federal barriers have been:

1. Until a decade ago the federal Government was not a good instrument for economic reform, thus discouraging labor leaders, for example, from relying upon political methods.

2. Our federal system and the division of powers among the executive, legislative and the judicial branches require a far-reaching victory, in the states as well as nationally, to make a party effective.

3. The simple plurality system of deciding elections, unlike proportional representation schemes, does not reward parties that obtain a large vote short of the necessary plurality.

4. Political indifference, so common in the United States, is fatal to reform groups. Even in 1932, for example, in the depths of the depression, only 60 per cent of the eligible voters went to the polls in the presidential election.

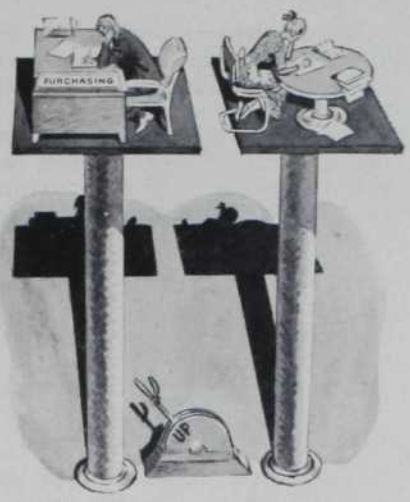
Two-party system barriers have been:

1. The major parties, being flexible, have often adopted third-

Are present "high profits" justified?



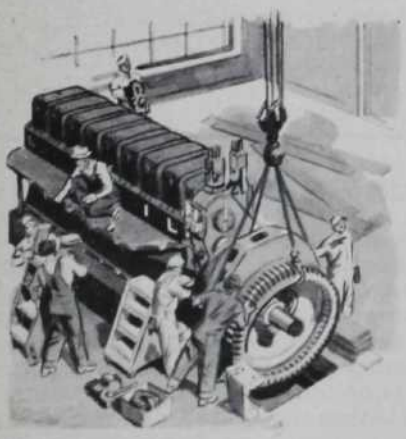
1. During 1947 Union Oil Company made the highest net profit in its history—$18,910,000. That's what the books show. And according to accepted accounting practices that's what happened. But curiously enough, Union Oil actually *spent* $675,000 *more* during 1947 than it *took in*.



2. The facts behind those figures prove rather dramatically that inflation affects a corporation just as much as it does the average housewife. Here's why. According to accepted accounting practices a corporation depreciates its equipment and charges off its inventories on the basis of what they cost *when they were acquired.*



3. For example, if a piece of refining equipment cost us $1,000,000 in 1937 and the estimated life of that equipment was 10 years, we set aside $100,000 a year for 10 years. Then theoretically the money would be available to replace that equipment in 1947. If the crude oil in a given well cost us $1 per barrel to acquire in 1937 and we were able to sell it for $2 in 1947, then theoretically we made $1 profit on each barrel of that oil we sold last year.



4. If 1947 costs and prices had been the same as 1937's—or if we were selling out the business—this method of accounting would give us a true picture of our "profits." But neither of these is the case. That piece of refining equipment had to be replaced *at 1947 prices.* And since we plan to stay in business that barrel of 1937 crude had to be replaced with a barrel of crude we found last year *at 1947 costs.*

1947

COST OF STAYING IN BUSINESS		COST OF DOING BUSINESS	
EXPLORATION FOR OIL	$10,337,000	RAW MATERIALS	$49,793,000
RESEARCH	1,761,000	WAGES & SALARIES	31,775,000
DRILLING & DEVELOPMENT OF PROVED FIELDS	16,354,000	TRANSPORTATION	12,845,000
REPLACEMENT OF OLD EQUIPMENT & ADDITION OF NEW	12,746,000	TAXES	7,749,000
INTEREST	1,154,000	RENT, POWER, SUPPLIES, ETC.	21,412,000
DIVIDENDS TO STOCK-HOLDER-OWNERS	6,537,000		$123,574,000
	$48,889,000	**WE PAID OUT**	**$172,463,000**
		WE TOOK IN	**171,788,000**
		BOX SCORE FOR 1947	**—$675,000**

5. Everyone knows that you can't buy things today for what you did before the war. Refining equipment that cost $400 per barrel of daily capacity pre-war cost $1,000 per barrel in 1947. Our cost of drilling for oil in 1947 was 1¾ times what it was pre-war. And the cost of everything we bought from pipe lines to service stations was up proportionately.

6. Since those higher costs of "staying in business" couldn't be included in the sums we'd set aside for depreciation and reserves, we had to dip into our "profits." So when we got all through, not only did our shareholders receive an inadequate return—only 3% of the year's revenue—but our so-called "high profits" weren't high enough by $675,000 to keep Union Oil Company a going concern.

UNION OIL COMPANY
OF CALIFORNIA
INCORPORATED IN CALIFORNIA, OCTOBER 17, 1890

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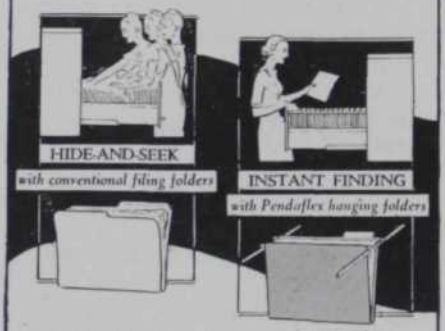


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party planks, leaving them without an issue.

2. The primary system holds out to reformers the prospect of capturing the machinery of the entire party, thus keeping dissidents in the fold.

3. Enormous resources are required to conduct a nation-wide political campaign. Further, unless a party has some success, it is virtually impossible to retain its workers and other adherents, because the party lacks the patronage upon which a going political machine is built.

4. The United States is a vast conglomeration of sectional and class interests which are difficult to encompass within a party (such as most third and minor parties have been) that appeals primarily to a particular section or class.

State election laws present additional hurdles. Though it is a simple process to get on the ballot in many states, others have set up requirements that discourage new political ventures. Most states ask for a petition signed by 1,000 to 55,000 voters, with varying qualifications as to the distribution of these signatures among the counties. In Illinois, for example, a new party must obtain at least 25,000 names, and it must show 200 for each of 59 counties. New York State requires only 12,000 names, and only 50 from each county.

The sometimes intricate rules for the validation of petitions pose further problems. The reasons for which a name may be eliminated are so numerous that a candidate or a party usually sets out to gather three or four times the required number, to compensate for the high proportion of signatures which will be disallowed.

Minor parties have been frequently embarrassed by these provisions. In 1938, for example, the Communist party of Illinois was unable to get a place on the ballot because it failed to obtain the necessary 200 names in some counties.

Despite these electoral law difficulties, third parties with a wide following have not been seriously hindered. The progressive parties of Roosevelt in 1912 and La Follette in 1924, the only important third-party challenges in this century were able to reach voters in every state.

Because of the third-party barriers inherent in our form of government and in the two-party system, however, the odds at any moment are strongly against the success of such a challenge. The American people, apparently, are either still satisfied with the two-party system or are too apathetic to change it. As in the past, therefore, third-party influence will probably be exerted through the major parties rather than directly from the halls of Congress or from the White House.

A Case of Mistaken Identity

(Continued from page 60)

selves must have been a cause for part of the lively business activity. The fact that each commodity will presumably cost more tomorrow than it does today amounts to a kind of extra profit on each purchase. To some extent rising prices give an impetus to producers, wholesalers and retailers. Their hitherto stimulating effect on business will now be absent. In every country, whenever an inflation petered out or was halted, and the period of persistent, general price rises ended, business reacted with a temporary slowdown.

After a time, this reaction will disappear and we shall again find ourselves in a normal situation. True, the infected world around us will create many anomalies. But with a stabilized dollar, the domestic economy of the U.S. will again have a normal basis—and this means, of course, that from that point on every up and down will theoretically be possible. The ultimate truth is that the ups and downs of business are produced by the moods, hopes and apprehensions prevailing in the business community. No one can foretell whether the 324,200 manufacturers of this country, the 15,000 banks, the countless investors, wholesalers and retailers—and also the consumers—will, in two or three months, believe in imminent economic sunshine or rain; and whether they will consequently produce sunshine or rain by their own behavior.

But precisely because the psychology of the business community makes the weather, one theoretical possibility can be excluded from practical consideration. It is certain that, within a foreseeable time, there will not be a boom that will have to be checked by controls and restrictions. This is the feature the

prophets of inflation had in mind when they spoke of a spiraling inflation. Their warnings have actually always been warnings against a runaway boom into which they saw us whirling deeper and deeper for many months—utterly misinterpreting the winding-up character of the rise in prices. The measures they demanded were, in fact, measures against a feverishly exaggerated boom.

There was no boom of that type. During the recent months it was clear that the psychology of producers, bankers, traders, and of consumers, too, was far removed from jubilant bullishness. The only exception was the farm commodities market, but the fact is that there probably never was a period of prosperity during which both business and public had been constantly as "bust conscious" as they obviously were during recent months.

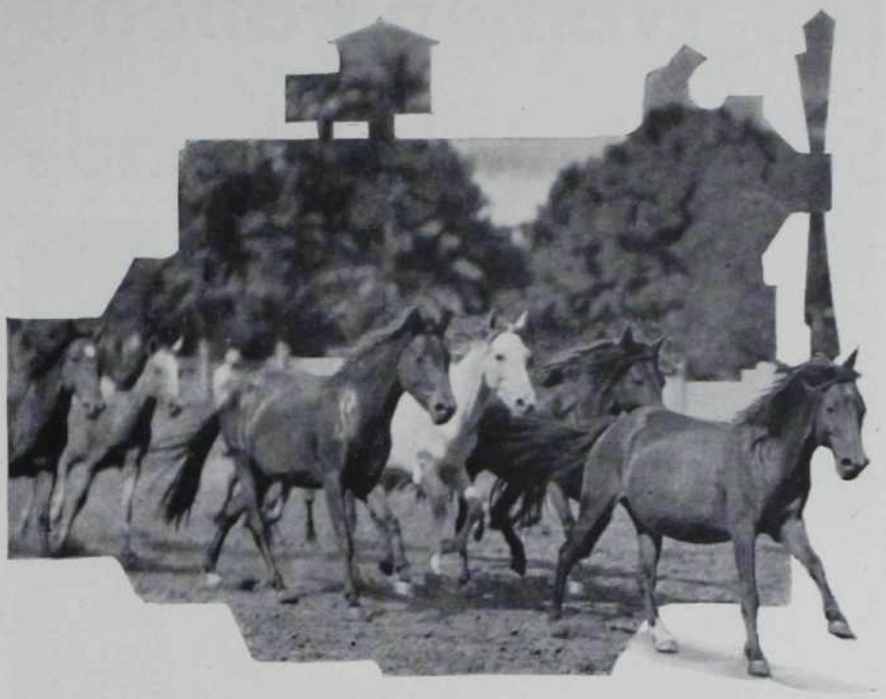
Business has been cautious

FOR months the stock exchange was a cemetery. Even big firms sought new capital in vain. If the banks were ready to grant credits, the solvent customers became considerably more hesitant in asking for them. When reproaches were leveled against industry—as they were against the steel industry—their theme was that the industry was expanding too cautiously rather than too wildly. The fear of an avalanche of government securities that might overwhelm the Federal Reserve Banks, demanding to be transformed into money, was at all times unfounded; the Banks' portfolios did not swell at all. Nor did consumers display any inclination toward unrestrained buying. On the contrary, in one consumer goods branch after another sales lagged behind production.

The business community did not steer its course through the boom in a spirit of all-out recklessness as had been the case in 1929, but always with a foot cautiously, skeptically, distrustfully poised over the brake pedal. All the more will it adopt the same attitude in the foreseeable future.

What is in store for us is certainly not a savage, hysterical boom of the type that will have to be checked by price fixing, rationing and other devices of intervention and regulation.

The debate about it should now be near its close. The political groups which stubbornly, under ever-changing pretexts, want to lead this country into an authoritarian economy will have to discover some other emergency.



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The Women Patients Sent Their Husbands



Clinical examination for cancer, sponsored by an Alabama mill, has saved many lives. Mrs. Blue, at her ironing board, is one

CHARLIE PRESTON

MRS. JOHN BLUE, wife of a foreman at Avondale Mills in Sylacauga, Ala., and mother of two children, is still on the sunny side of 40, but considers herself lucky to be alive.

She, like 16 other women, underwent treatment for early cancer discovered in the cancer detection clinic sponsored by the company. The clinic is reputedly the first industrial cancer clinic in the country and the largest cancer detection project in the world.

Mrs. Blue was one of 680 mill wives or women workers persuaded to ask examination. Of those women, 22 were found to have malignant growths. Five are dead, the growth having been beyond control at the time of discovery.

The story of Mrs. Blue is typical of those surviving. She had never sought an examination, nor was she disturbed when a growth was found in her left breast during the examination in the fall of 1946. She was surprised to learn, on its removal, that the growth was malignant.

The Avondale clinic was conceived by Mrs. Ray Meade of Birmingham, Ala., field commander of the American Cancer Society, after she had visited a private clinic in Bangor, Me., where she had talked with people alive and happy only because of that clinic's existence.

Avondale Mills already had a plant hospital and health plan for employes. Hugh Comer, company president, quickly approved Mrs. Meade's proposal.

The clinic began operations in July, 1944. Dr. French Craddock, Sr., and his son Dr. French Craddock, Jr., hospital directors and their staff donated their time. The mill gave equipment. The American Cancer Society provided files and forms.

Because cancer is most prevalent among women past 29, it was decided to concentrate on them. Mrs. Craddock, Jr., invited women community leaders to a tea—Parent-Teachers officers, foremen's wives, school teachers and others. She told them of the clinic, pledged them to tell ten others.

Dr. Craddock, Jr., and his wife fired facts like these at any audience that would listen:

"More children die of cancer annually in this country than ever have infantile paralysis."

"There are 17,000,000 persons now alive in the United States who will die of cancer."

Speaking at a Junior Chamber of Commerce meeting one night in Alexander City, Ala., Dr. Craddock pointed suddenly at a man near him and said:

"Stand up."

The man stood. Dr. Craddock pointed to another and another until eight men were standing.

"One of you will die of cancer unless we do something—and quickly," the doctor said quietly and then sat down. Cancer was discussed soberly in many a home that night.

The women began coming to the clinic and with them came husbands sent by their wives. Eight of the men were found to have cancer. One died, but the remaining seven have joined the 17 women to whom a new chance in life has been given.

To Dr. Craddock, Sr., the most significant condition revealed by clinic examinations was that 93.7 per cent of those examined suffered various ailments of which they were often unaware. These were corrected.

Experience has taught that nothing can be taken for granted. Innocent appearing conditions sometimes harbor potential death. It is the recurrent examinations at the Avondale Mills Clinic every six months which are expected to yield most in lifesaving dividends as the years pass.

Immediate treatment is given at the hospital when a case is found. Cost is covered by the 37 cents a week each employe contributes for medical and hospital service. If deep X-ray treatment is indicated, that is given by a Birmingham specialist with these costs also met from the hospital fund.

The clinic was planned on a five-year trial basis. After three and a half years, results have been so substantial its permanency is assured.

The Comers, brothers Donald, chairman of the board, and Hugh, the president, insist that the clinic is not altruism—it's hard-headed good business. To them, it is just a fine example of valuable mutual benefits. —LAWRENCE MCCRACKEN



The Piano Business Gets a LIFT

. . when Alcoa Aluminum Castings Replace Heavy Metal! Even a well-trained husband who'll rearrange the living room every Spring braces his feet at piano-moving. You can see the main reason above. It's the big metal plate that holds the strings—and it's always tipped the scales at around 125 pounds.

No wonder it gave the piano business a *lift* when Winter & Company replaced their heavy metal plate with an Alcoa Aluminum one weighing 45 pounds! As perfected, this big casting from our foundries is strong—to resist the 18-ton pull of the taut strings. It's stabilized, to provide fine tonal quality and stay in tune. And its cost today is competitive with the old-fashioned, heavy metal plate!

Thus an Alcoa Aluminum Casting is out to challenge an industry—on its light weight alone! With other advantages, in other industries, Alcoa Castings are effecting similar changes.

In one plant, their corrosion resistance means no painting, simple finishing. In another, they are popular for their superior machinability. In still another, they are welcome for the ease with which they swing through production, where iron castings had to be hoisted and trucked.

The change from heavy metal to Alcoa Aluminum Castings may make *your* product easier to handle, give it new long life, add unbeatable sales appeal. Consult your nearest Alcoa sales office, or write ALUMINUM COMPANY OF AMERICA, 1793 Gulf Building, Pittsburgh 19, Pennsylvania.

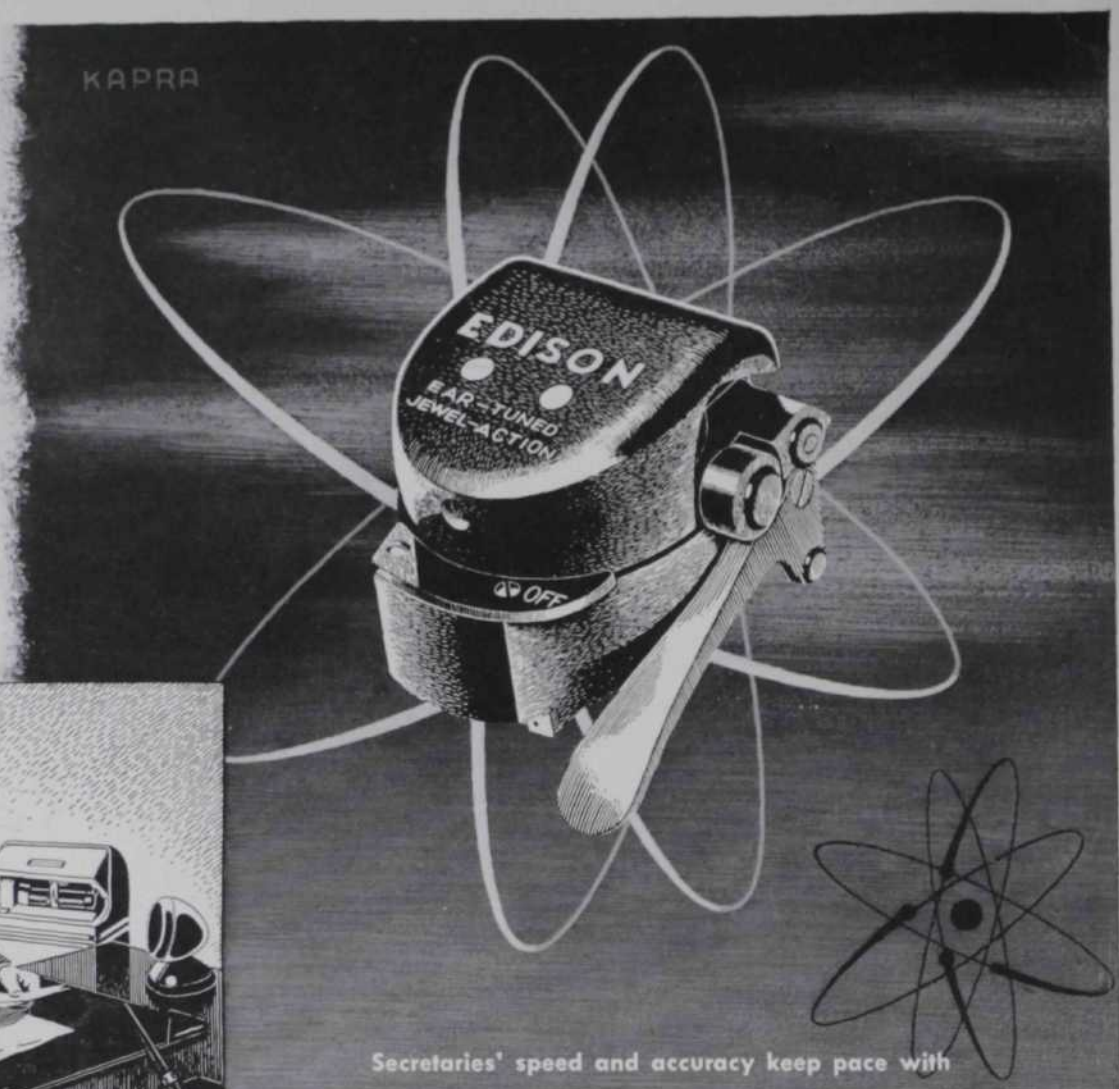
ALCOA FIRST IN ALUMINUM

ALCOA ALUMINUM 1888 1948 60 YEARS OF SERVICE

This policy helps all America produce

Alcoa makes castings for other manufacturers to fabricate into finished products. That basic Alcoa policy—making aluminum—and helping others to make the finished aluminum products—adds up to more business enterprises, more jobs, and more and better things of aluminum.

KAPRA





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Secretaries' speed and accuracy keep pace with executives' speed and convenience . . . when the Edison Electronic Voicewriter adds *electronic correction* to the recorded voice. Exclusive Ear-Tuned Jewel-Action rejects unnecessary low-frequency tones that confuse the transcriber . . . captures word-sharpening high-frequency tones that other dictating machines miss. Efficiency improves . . . errors vanish. *No other instrument matches Edison understandability* . . . because *only* Edison has Ear-Tuned Jewel-Action.

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Acorns of Industry:

COTTON MANUFACTURING IN AMERICA



Slater's mill—America's first successful cotton spinning mill

COTTON manufacturing was the first American industry successfully, and in a short time, to meet the challenge of a highly developed and far superior foreign technology. This prodigy punched its way to a place in the sun between 1787, when our cotton manufacturers began to experiment with crudely imitative machinery, and 1850, when they had become masters of the domestic market.

In that period the industry pioneered the large-scale use of power-driven machinery, led in the transition from horse- and waterpower to steam, invented the company-built factory town, and anticipated Henry Ford by a century with the integrated plant that receives the raw materials at one end and delivers the finished products at the other.

It did this despite conditions which, in 1780, led John Adams to remark: "America will not make manufactures enough for her own consumption these thousand years."

Fabrics of pure cotton were not made either here or in continental Europe before 1770, when Hargreave's spinning jenny and Arkwright's spinning frame came into use in England. Britain, however, had prohibited the export of her cotton manufacturing machinery. She did not reckon with the ingenuity of Samuel Slater, an overseer in the Arkwright mill. He emigrated to Pawtucket, R. I., where, in 1790, he constructed from memory two carding machines, a drawing and roving frame, and a spinning jenny of 100 spindles, to start the Pawtucket mill. For the first time we had a cotton spinning mill with machinery comparable in efficiency to the British.

The same year saw the birth of the integrated cotton mill. The Beverly Cotton Manufactory at Beverly, Mass., was the first in the world to bring together under one roof the spinning of cotton from the raw lint and the weaving of the yarn into fabrics. It was operated by horsepower. But, although it did its spinning by power, the weaving was done by hand. It had more spindles than the Slater mill, but its machinery was cruder and its production smaller. It lasted only until 1807.

The Slater mill, however, proved so successful that, in 1805, Slater and his company bought a tract of land in Smithfield, R. I., and there laid out Slatersville, the first company-built factory town in our history.

After 1805, with the Slater mills as models, our cotton industry began to get on its feet. First the embargo, then the War of 1812, cut us off from British imports and created a large demand for the coarsest American cotton fabrics. By 1809 we had 62 mills in operation, with a total of 31,000 spindles. Two years later, the New England mills alone employed 500 men and 3,500 women and children. By 1812 there were 24 mills with 24,000 spindles in Pawtucket alone. The Fall River Co. established its first spinning mill during this period. The first Amoskeag mill was established in Manchester, N. H. Cotton mills appeared in Lexington, Ky., in Pittsburgh and Cincinnati. By 1813, 124,000 spindles were in operation in the Providence area.

In 1813, the Boston Manufacturing Co. established at Waltham, Mass., the first successful integrated cotton mill. It was equipped with the most modern power machinery and every step of manufacturing—from the processing of raw cotton to finished fabrics—was done by waterpower under the same roof. It was the most important American contribution to the industry.

The war's end and the reopening of our ports to British manufactures brought a crippling depression to our cotton manufacturing industry. Even the Slater mills were almost completely idle. However, the Waltham integrated mill fared quite well. In short, our infant industry had found in the integrated mill the means with which to meet open competition.

Depression started the swing to the integrated plant. It also stimulated efforts to improve the quality and increase the variety of our cotton manufactures. Within the next ten years, the Fall River Co. began to weave fabrics. It established a calico printing press that made it famous. Cylinder printing and weaving were introduced at Taunton, Mass. Paterson, N. J., and Baltimore began to turn out cotton duck. The stockholders of the Waltham mills organized the Merrimack Co. and built a new plant at Lowell, Mass., giving us the second factory town. The Lowell plant wove fancy and twilled goods for export. Printed cloths were being produced at Baltimore, Lowell,



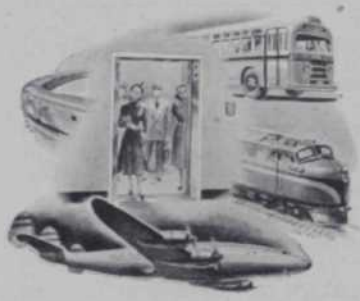
skylines... by Otis

Watch Houston! In fifty years this thriving Texas city has grown to be the third largest ocean port in the United States. And as Houston reached out into the world, it also reached up. Even its skyline has become famous. And skylines are the business of OTIS. In Houston, for example, OTIS has 893 elevators. That's more than three times the number of all other makes combined!

CONFIDENCE IN SAFETY.

In 1852, Elisha Otis applied the first 'safety' to a freight elevator. It was intended to prevent the elevator car from falling if the hoisting ropes should break. To convince a doubting public he actually cut the ropes to prove its dependability.



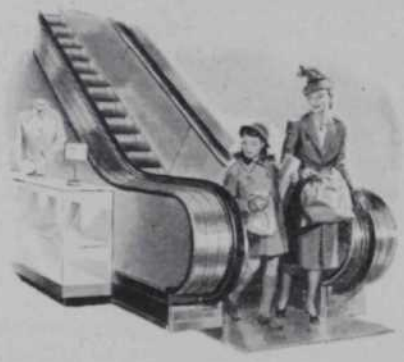


HOW DO PEOPLE TRAVEL?

Mostly on elevators. Surprising? Last year, elevators handled *eleven* times more passenger traffic than all domestic airlines, inter-city bus lines and railroads combined.

TRY THIS FOR SIZE.

The newest look in an Escalator is the OTIS "32". It's 32" wide 5" below the handrails. That's exactly where width is needed to permit mother and daughter to ride side-by-side in comfortable safety. And the size of its price and its installation space permit it to fit comfortably into even small store merchandising plans.



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likewise speak disparagingly of everything foreign—politics, science, medicine. Even in a dying condition, he could not expect immunity if he dared speak his mind freely to a foreigner.

I remember an engineer who had spent two years with Amtorg in America. He had traveled widely in our country, learned much and written a couple of technical books.

While dining at his Moscow home, I complained about the passport nuisance.

One has to register with the police when coming or going in a community. He showed surprise and insisted that the same prevailed in America.

Of course he knew the truth. But there was a stranger in the company, possibly an agent of the police invited deliberately to protect himself and to find something on me. It is most serious to have a foreigner in your home without letting the secret police know about it.

Officials intimidated

THIS fear is not confined to mere citizens.

Once I was ushered into the office of the then Commissar of Food Industries Anastasy Ivanovich Mikoyan, the present minister of foreign trade and vice premier, one of Stalin's closest collaborators. Before getting down to our business, I commented favorably about the food situation which had improved between my last two visits only six months apart. I gave him credit and was really serious. But Mikoyan would accept none. Pointing to a painting of Stalin hanging on the wall, he said:

"Not I, and not we (glancing over his loyal associates at the conference table), but he, our great and beloved teacher and leader of our socialist fatherland is working for all of us and is sacrificing himself for all of our people."

In the Russia of the Czars—I lived there to my sixteenth year—men like Count Tolstoy could raise their voices in indignation against government excesses. Such men were feared by the autocracy. Their influence on public opinion often forced the Government to bow to their wishes.

There were publishers who defied the Government; there were printing presses in the underground movement. Today the Government is the sole owner of printing presses, publishing houses and paper.

Under the Romanoff autocracy and capitalism, Lenin could write books and revolutionary articles while in prison or exile. But in

Stalin's regime, people fear to speak their thoughts even in their own homes.

Even Molotov, second in command only to Stalin himself, must bow to the master in public. Take his address of last November on the occasion of the thirtieth anniversary of the revolution. He quoted from Stalin seven times and mentioned his name 22 times. He must not excel the man who passes on the life and death of even men like Molotov.

Dream that shattered

LENIN had a great dream, but an impossible one. He had hitched his political and economic wagon to one of the most distant stars in the economic constellation—communism.

His Utopia was to be a state of society where each citizen would contribute according to his ability and draw from the common pot according to his needs. That calls for a society where people are totally devoid of envy, jealousy and hatred; where the man with the largest contributions to society would not begrudge the least contributor even if the latter chose to help himself to ten times as much of the goods and services as the former.

Lenin also had failed to realize that the leaders of his dream-state would have to be in the saint class. Under Stalin's rule there is room for one and only one such leader.

Under absolute ruler

THE world—and the Russian people—have learned from bitter experience that least of all in that country is one to look for saintly leaders. An economic, political, educational, artistic and social monopoly dominates all life there from cradle to grave. And the superimperialist-monopolist is one man—Yeeosif Vissarionovich Stalin.

He claims to be the sole unadulterated disciple of Marx-Lenin and the only interpreter of their teachings.

Thus, instead of withering away, the State under the present ruler has become the superoppressor, jailer and executioner, intriguer and conniver at home and abroad. Instead of abolishing exploitation, the State has become the supreme exploiter.

That State consists of one man—Stalin; the man who had sworn at Lenin's bier to realize the leader's dreams of abolishing exploitation and eradicating political oppression.

She came in on the Super Chief



How else would she travel to and from California? For the Super Chief is one of the most glamorous all-private-room trains in America, filled with people who know how to travel and appreciate the best in travel. It serves those famous Fred Harvey meals. It operates on a 39¾-hour schedule between Chicago and Los Angeles. The Super Chief (now in daily service) is the flag-bearer of Santa Fe's fine fleet of Chicago-California trains.

Santa Fe

SANTA FE SYSTEM LINES . . . Serving the West and Southwest

T. B. Gallaher, General Passenger Traffic Manager, Chicago 4

How to Live With an Aching Back

(Continued from page 44)

the diseases involving the gastro-intestinal tract may cause pain in the back. Sometimes the latter may be the only symptom.

A sudden severe pain in the back may be a sign of acute perforation of a gastric ulcer. In biliary colic, a disease of the gall bladder, there is a dull, deep-seated bursting pain which usually is projected through from abdomen to back. When back pain is properly evaluated as a symptom of internal disease, and the latter is corrected, the backache frequently disappears.

Spinal ailment cited

ONE well-known cause of back pain is a ruptured intervertebral disc. The spinal column is made up of many vertebrae and a disc is a piece of cartilage in the space between vertebrae. Each disc contains, in its center, gelatinous material. And one theory is that, when this material is squeezed out and presses on the spinal cord, pain occurs.

However, the exact mechanism by which an injured disc produces pain is not known. Nor is it entirely clear why discs rupture. As one doctor puts it, "The fact that multiple ruptured discs are often found in cadavers suggests predisposing factors such as degenerations or congenital imperfections of the discs.

"Only about 60 per cent of patients operated on for ruptured disc," he adds, "can attribute the symptoms to a definite back injury. Probably the repeated stresses of lifting, bending and jumping are sufficient to cause disc disruption in many persons."

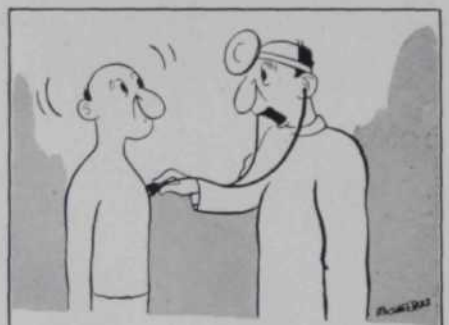
When a ruptured disc is suspected as the cause of back pain, an operation may be performed. But doctors are hesitating more and more before concluding that a particular case of backache may be the result of disc trouble. For one thing, it's been found that many lesions of muscles, joints and ligaments may produce symptoms almost identical to those caused by a bad disc. Furthermore, ruptured discs have been found in patients who have never had back pain. Finally, at least one outstanding authority has found that nonsurgical, orthopedic treatment —including physical therapy, bed rest, leg traction, plaster jackets and back braces—is effective in getting a high percentage of ruptured disc victims back to work. Surgery is being used more and more as a last resort.

The most comforting fact about backaches is that by far the greatest number are not the result of serious maladies and require no radical measures for their relief.

The truth is, as one orthopedist puts it, "When man assumed the upright posture he not only set himself apart from the animal kingdom but he also set the stage for a series of disorders of the lower back which have plagued him ever since."

Somehow, Nature, in the course of our evolution, played us a dirty trick. To help us stand erect, she made certain changes in the skeleton. The spine curved and grew longer. The wings of the pelvis flattened out. The last vertebra became a flexible lever and bore the brunt of the body's whole weight.

To be sure, the muscles of this area were strengthened but, as Sir



"I keep getting a busy signal"

Arthur Keith, the British anthropologist, points out, not a new muscle was added. Thus the burden of the whole changeover fell on spinal muscles in the lumbar region. Nature hasn't finished yet and we're still in the process of evolving. Some tens of thousands of years from now, our progeny will probably have new muscles to help do the job of standing erect. But right now, we're the victims of a weak body area.

We're also the victims of the way we live and the habits we have. With a weak area already issuing an open invitation to trouble, we're constantly accepting the bid. Most backaches are caused by the extra stress and strain we put on the muscles of the lumbosacral area.

One of the chief causes of such stress and strain is poor posture. People have a tendency to scoff at this. Victims of bad backs, like sufferers from other conditions, like to attribute complex causes to their fate. Posture sounds so simple and plebeian. Yet individual doctors and some clinics have achieved eye-opening results in alleviating and even eliminating backache by correcting postural difficulties.

One middle-aged business man, a victim of occasional backaches for 20 years, went to a clinic when he noted that his back was becoming almost continuously tired and aching, that he frequently suffered from headaches, nervousness and indigestion.

When a check showed nothing organically wrong, doctors concentrated on his posture. He carried a paunch, sagged all over, his shoulders were rounded. He was kept in the hospital for almost three weeks while he started on a series of exercises to strengthen muscles and improve his posture. At the end of that time, he left the hospital without pain. He continued his daily exercises, maintained his new posture and, three months later, felt better than he had in 20 years—not only had the back pain vanished but so had the other discomforts.

Poor posture and health

THEN there was a business man who had had chronic backaches for many years and had been examined not only by doctors in this country but by others abroad—always without the discovery of any disease. At a posture clinic, he was found to have low blood pressure, a subnormal temperature, an enlarged heart and flabby heart muscle.

Treatment consisted of two weeks of training at the clinic in proper posture, followed by several months in a convalescent hospital where exercises strengthened and got the sag out of abdominal muscles. Even while he was in the hospital, his temperature and blood pressure returned to normal. Later, he left the hospital wearing a belt to brace his back. He discarded the belt in a few months, maintained his posture and, when he returned for an examination, he not only had been free of backache for the whole period, but doctors found that his heart, rid of the strain which his previously cramped position had put on it, had grown smaller and its action had improved.

The importance of good posture is easy to understand if you think of your spine as not a straight and inflexible shaft but rather a series of interconnected vertebrae with the whole held erect and kept

COLUMBIA GAS SYSTEM IN 1947

From The Annual Report of Columbia Gas & Electric Corporation

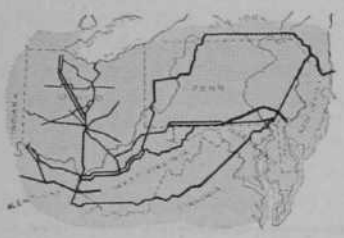
By most standards, 1947 was a highly successful year for the Columbia Gas System. The subsidiary operating companies delivered more gas to their customers than ever before. Gas earnings reached the highest in history. And more money was distributed in dividends than has been paid for many years.

But while these results were achieved, the System did not escape the inflation that beset most business in this country. Costs were higher, materials hard to get. And because of shortages, we, in turn, were unable to deliver all the gas our customers wanted.

In the months to come, the facilities of this public service will grow. More and more gas from the more than adequate reserves will flow through Columbia's lines.

And because the gas we furnish has become such a vital force in the economic development of the communities we serve, we have an abiding sense of responsibility in bringing a constantly improving service to them.

Columbia serves natural gas to a million homes and businesses in Ohio, Pennsylvania, New York, Kentucky, Virginia, West Virginia and Maryland; and delivers gas to other public utilities in this area which, in turn, sell gas to another 800,000 customers.

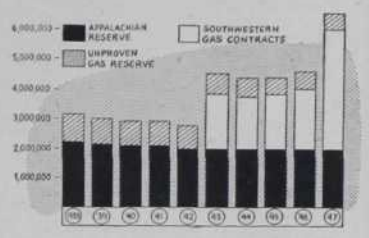


In 1947 there were 26 days in December when the System delivered more than a billion cubic feet a day, and for the year, Columbia delivered a total of 231 *billion* cubic feet, a gain of 18.5 per cent over 1946.

Tremendous peaks created by this unprecedented demand were met in part by building 12 liquefied petroleum plants; by storing more gas underground; by bringing more gas into the System from Texas, Louisiana, Oklahoma and Kansas.

Columbia spent $30,594,411 for production, storage, transmission and distribution facilities in 1947. To meet the still increasing demand for this clean, convenient low-cost fuel, the System plans to spend an additional $111,000,000 in 1948, 1949 and 1950.

Even with 1947 sales at an all time high, gas reserves of the System increased to an estimated 6½ *trillion* feet, 2½ trillion of which are in the Appalachian area and 4 trillion under contract from Southwest fields —enough natural gas to supply existing and prospective customers for many years to come.



DIVIDENDS PAID IN 1947

	Per share
Regular Dividends	$0.60
Extra Dividend	0.15
Total	$0.75

SUMMARY OF NET INCOME

	1947 *Total*	1947 *Per Share*	1946 *Total*	1946 *Per Share*	1945 *Total*	1945 *Per Share*
Consolidated net income	$16,665,568	$1.36	$14,678,746	$1.20	$11,955,174	$.98
Portion retained by subsidiaries	3,167,823	.26	4,986,762	.41	3,417,807	.28
Balance representing parent company net income	$13,497,745	$1.10	$ 9,691,984	$ .79	$ 8,537,367	$.70
Portion required for retirement of debentures	2,000,000	.16	2,000,000	.16	2,000,000	.16
Balance available for distribution to Columbia Gas & Electric Corporation common shareholders or other corporate purposes	$11,497,745	$ .94	$ 7,691,984	$ .63	$ 6,537,367	$.54

COLUMBIA GAS SYSTEM

The Manufacturers Light and Heat Company — The Ohio Fuel Gas Company — United Fuel Gas Company
Atlantic Seaboard Corporation — Amere Gas Utilities Company — Virginia Gas Distribution Corporation
Virginia Gas Transmission Corporation — Big Marsh Oil Company — Central Kentucky Natural Gas Company
Binghamton Gas Works — Cumberland and Allegheny Gas Company — Eastern Pipe Line Company
Gettysburg Gas Corporation — Home Gas Company — The Keystone Gas Company, Inc.
Natural Gas Company of West Virginia — The Preston Oil Company — Union Gasoline & Oil Corporation
Virginian Gasoline & Oil Company

WHY THEY WENT TO OKLAHOMA

With

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MAKERS of PYREX (TM REG US PAT OFF) GLASSWARE

it was 5 Favorable Factors



WILLIAM C. DECKER
President
Corning Glass Works

Says:

"In January, Corning Glass Works started to produce Pyrex brand glassware in its new plant at Muskogee, Oklahoma, where 400 Oklahomans are already employed. Before erecting this new unit, an extensive survey of other industrial areas was conducted.

"The five factors that influenced us to locate in Oklahoma were:

- The availability of the desired number of high-grade workers needed for the manufacture of glass.
- An ample and constant supply of low cost natural gas, the fuel vitally important to our manufacturing operations.
- A nearby supply of superior glass sand — one of our basic raw materials — and easy access to sources of other necessary supplies.
- The dependable electrical power service available in Oklahoma.
- The location of Oklahoma in relation to our markets and its excellent rail transportation facilities.

"These reasons, as well as the friendly and cooperative interest shown by local officials and business men, lead us to anticipate a long and mutually beneficial association with the State of Oklahoma."

Oklahoma has many business advantages in addition to those which appealed to Corning. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.

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Factors forming Industrial Opportunities in OKLAHOMA

OKLAHOMA

PLANNING and RESOURCES BOARD
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OKLAHOMA CITY, OKLAHOMA

flexible by hundreds of muscles. Throw your spine slightly out of whack by sagging in the wrong places, and you set up a strain on certain muscles. If the strain is severe enough, the muscles may go into spasm. Meanwhile other muscles, relieved by your sagging of any work responsibility, get flabby from disuse.

Slumped in a chair all day long and paying no attention to his posture when he gets out of it, the average business man is courting a bad back.

Posture requires effort

GOOD posture should see the weight of the body well forward, abdomen pulled in hard enough so it pushes the chest and head up.

"Good posture," a doctor at one clinic emphasizes, "is not only a static thing but should be active as well. Backaches are frequently caused when a person, in bending forward or lifting, makes all the motion in one part of the spine, usually the lumbosacral region, and does not distribute the burden equally over the whole back. The man with good muscular, physical tone unconsciously bends and lifts correctly but when a person is tired and takes his exercise vicariously, his use of his back is usually an example of the very poorest kind of mechanics. The treatment then has to be not only education in good posture but also in how to use the body correctly."

Diagnosis and treatment of a lame back are complex. In the acute variety which most often follows slips, falls or unusual liftings, muscle spasm and pain may be so intense that the patient may first have to be put to bed for 12 to 24 hours with analgesics and heat and examined only after acute symptoms have subsided. In the chronic variety which may come on insidiously or may be the leavings of some accident after acute symptoms have passed, the doctor can proceed immediately.

In either case, after the history is obtained, there's a thorough physical examination and laboratory studies such as blood and urine examinations and X-rays. Posture and gait will be studied and there may be a whole series of special tests.

When such factors as protruded intervertebral disc, infections, arthritis, internal disorders have been ruled out—as they can be in most cases—treatment begins. One doctor, probably representative of most physicians, divides his therapy into three phases: general, physical and home.

Because general conditions may prolong a weak back, such considerations as adequate sleep, prevention of fatigue, general health and working and living environment are gone into. A mild sedative may be prescribed for a short period. A lumbar belt may be decided upon, too, to provide support and take some of the load off the spastic muscles which have been overworked. If the patient has flat feet, corrective shoes may be prescribed.

The second phase, physical therapy, may consist of radiant heat treatment followed by deep massage. A routine of graduated exercises and posture improvement may be taught the patient by the doctor or a physical therapist.

Finally, there's home therapy. This includes a bed board inserted between the mattress and spring of the bed. If possible, a horsehair mattress is to be used. In addition, the exercises previously learned are continued at home. Some form of heat is used—radiant, if possible, otherwise hot moist packs or direct hot shower on the back. And, vitally important, if the patient is overweight, he goes on a diet.

"With a course of treatment planned in this manner," reports Dr. Clarence A. Splithoff, orthopedist of the Samuel Merritt, Providence and Alameda County Hospitals in California, "the patient should very shortly experience some relief, and soon thereafter more or less complete relief."

Obviously enough, all things considered, the best thing to do about a backache is to avoid having one. How?

1. Go to your physician for thorough examination at frequent intervals.

2. Guard your general good health. Which is simply a matter of getting enough play, relaxation and eating properly and sleeping enough.

3. Sleep on the right kind of bed. That deserves, for emphasis, a special point of its own.

4. Improve your posture.

5. Correct any deformities such as one short leg or flat feet.

6. Get reasonable exercise and don't suddenly overdo.

There just isn't any easy one-shot cure-all for a backache once you get it. To avoid getting it is a matter not of miracles but of common sense.



Airmen Turn to the Soil

TO OPERATE a profit-showing airport today, a manager must be a farmer as well as an aviation expert.

In spite of the business from many veterans who used their G.I. educational benefits for flight training, only about 12 per cent of civil airports reported a profit last year. About 27 per cent broke even.

Aviation revenues are not sufficient to pay for operating costs of about 61 per cent of public and privately owned airports, and those managers who came up with an annual profit did so by farming unused portions of their field. This is particularly true of the Class 1 airports or those under 50 acres. These air strips, which represent the largest number, reported that approximately half of their income came from farming various crops.

A relatively small part of an airfield actually is used for flying operations. Runways and taxi strips take up approximately ten per cent of the total area. The balance generally is kept in grass or some crop providing a sod.

Some airport managers use the space near the strips to grow alfalfa, hay, lespedeza, or clover. Even in the cases of the small airfields, profits up to $1,500 have been reported from these crops.

In the region away from the runways and parking stands, some airport operators have grown garden vegetables, melons, peanuts, flowers, bulbs and grapes. One airport in California reported a $9,000 profit from tomatoes.

Larger airports prefer to rent outlying land to local farmers at an average rate of $50 an acre each year.—IVIN M. WISE



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Nothing is New But the Check

(Continued from page 53)

caped to this country tried to take root here, but for the most part didn't flourish.

For the first time in fashion history, American designers had a free field. Theirs were the names to advertise and exploit. Linage records tell the story of the promotional drives launched to establish them as successors to the French leaders.

When the New York Dress Institute held its first press week showings in July, 1943, it collected press clippings that indicated a space take during the week of 696,000 lines. By the following January, American designers toiling in Manhattan drew 1,782,000 lines of publicity.

The peak was reached in January, 1945, when, despite the newsprint rationing, the nation's newspapers gave 2,948,000 lines of editorial space to American designed fashions. In their heyday, the French couture never attained a comparable press.

Many informed persons in the fashion industry doubt that French designers will recover their prewar position in this country. They are willing to concede that we will draw on the French for themes and inspiration, but insist that we will not advertise or promote the couture.

To the average American shopper, or her husband, these are academic matters. Only a handful of American women have ever worn a couturier-made dress import. The snob appeal of the French label has diminished. Besides, importations invariably had to be made over to approximate a fit of the American figure.

Foreign clothes sell poorly

A FEW years before the war, one of the largest department stores in the United States placed orders with French manufacturers to make 2,000 fur-trimmed coats. The buyer returned home confident that his purchase would cause a sensation. It did, but not in the way he anticipated. When the coats finally were landed here, not one was cut to the American size scale.

Every French tailor who worked on the coats had his own ideas about what constituted a size 14 or 16 or 18 or 20. Some were too full, others too short. Sleeves either reached finger tips or stopped above the wrist.

The public rushed in to buy and stayed to scoff. Less than ten per cent of the coats were salable . . . or sold. Eventually they found their way to the basement via drastic mark-downs. But cut prices didn't make them any more wearable.

After a few futile weeks of attempted selling, the entire lot was written off as a misguided experi-



ment. It isn't likely to be repeated. Subsequently, coats and suits were imported from England with comparable results.

Both stores and manufacturers have taken the precaution of sending patterns abroad to be used for cutting garments. Somehow, the result has always been the same. Ready-to-wear manufacturing is a native American art, and we have no peers anywhere.

Your wife can go into any shop to acquire the New Look and find a garment in a matter of minutes that suits her taste, purse and figure.

Mass production methods give it a value surpassing any she could find beyond our borders. It may not be exclusive, but then, we are not an exclusive people.

One pertinent question about the New Look still is unanswered. Who launched it in the United States? The answer, as it is in the case of every new fashion, is the nation's smartest dressed women.

These are the slick chicks who pay $300 to $500 for an afternoon frock. Distinctive and exclusive costumes are essential to their social positions and their egos.

Where the thrifty housewife buys a "best dress" for $39.50 and then plots to spring the news on the man in her life at the proper psychological moment, women of fashion order wardrobes that often run into five figures.

Where fashions are tested

CLOTHES are made to be seen, not heard about, and the latest fashions are seen at social gathering places, such as exclusive resorts. The $40 per day, European plan spots are the testing places. There fashions are proved or rejected.

Styles that climb into the best-selling category become the "Fords" of the season. Everybody likes to ride a winner, and for that reason the most popular styles are ridden to death.

Of one thing you may be certain, each season will produce a recognizably different silhouette. When your wife moans that she hasn't a thing to wear, she doesn't mean her clothes are shabby. She is telling you in effect that she hasn't anything *new* to wear.

Like automobiles, home furnishings, fountain pens and cigarette lighters, women's apparel sales depend on style obsolescence.

It makes a whale of a difference to all segments of the apparel industry whether the silhouette undergoes drastic changes. Currently, foundation garments have to gath-



BUTLER BUILT
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These Butler Steel Buildings are available in 40 ft. widths and lengths of any multiples of 20 ft. Also in 20 ft. and 32 ft. widths and lengths of any multiples of 12 feet.



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Here is an intercommunicating system (private—plus amplified) that's designed for use wherever customer contacts are made. It's confidential at your end. You speak quietly into the mouthpiece of the handset. Your voice is relayed over any one or all of several loud speakers . . . in the shipping room, on the garage floor, in the yard . . . wherever you choose. The answer to your question is made directly from the floor, from anywhere in a wide area around the speaker, for the speaker also serves as a hi-sensitivity microphone. The reply comes back to you over the receiver of the handset . . . for you alone to hear . . . privately. You control the volume.

Write for complete details of the Stromberg-Carlson IM-3 Intercommunicating Master Station System. Stromberg-Carlson Company, Dept. NB-4, Rochester 3, N. Y.

For use in factory, shipping rooms, receiving departments, loading and unloading platforms, tool rooms, sales and credit departments . . . Garages, between service manager and service floor, grease racks, parts . . . Parking Stations . . . Laundries . . . and many others.



STROMBERG-CARLSON

NATURAL VOICE SOUND SYSTEMS

er in waists and fill out hips, slips must be lowered to the proper length.

Last year's coat won't do because it is mocked by the hem-lines of this year's dresses. To carry out the fashion motif, millinery had to be snugger-fitting. Accessories, too, need to be adapted to the New Look.

Clothing is large business

HAVE you any idea what this all means in terms of the cash register? Blouse business alone is estimated to have topped $165,000,000 last year. Unit price dresses (that is, as distinguished from dresses sold at so much per dozen) accounted for approximately $1,000,000,000. Coats and suits, exclusive of furred types, produced nearly $900,000,000 of business.

Lingerie and negligee sales went over the $250,000,000 mark; corsets, girdles and brassieres brought in another $150,000,000. And, let's not forget that 1947 was not a "good year" for the apparel industry; its gains were under over-all increases.

Seven cities manufacture 94 per cent of all the coats and suits sold in our country. They are New York, Boston, Philadelphia, Chicago, Cleveland, Los Angeles and San Francisco. Ninety-two per cent of the firms engaged in this trade are in these cities.

New York alone accounts for approximately 75 per cent of the industry's sales, but the Los Angeles, San Francisco and Boston markets are creeping up.

At one time, New York had little if any competition, but in the past ten years other markets have mushroomed forth to meet sectional demand.

To a considerable extent, these latter-day markets are not subject to New York style trends or influences. California markets, for example, are steeped in western traditions and have specialized in distinctive casual and leisure wear.

During the war, stores in other sections went west to augment the limited supply which eastern cutters allotted them. California fashions were introduced throughout the land. Similarly, new faces appeared in St. Louis, Chicago and Dallas.

Time will tell whether these war-formed patronages will endure. Cross continent travel is expensive, and long shipping distances add to costs. But in the final analysis, consumer demand really determines where and what the retailer buys.

Cover girls have sent thousands of women into shops to buy a coat, suit, blouse or hat "just like the one on the cover of . . . . magazine."

Movie stars and starlets have popularized styles overnight. Cinematic styles, however, are hazardous to stock. Fifteen years ago, countless department and specialty stores boasted cinema fashion sections.

They degenerated into profit-and-loss operations. Costumes produced at costs running into several hundreds of dollars looked different somehow when they were copied to sell at popular prices. The glamorous effect was lost.

More recently, an ambitious bridal gown manufacturer copied Princess Elizabeth's wedding dress, hoping to capitalize on the world-wide interest in the royal nuptials. The response was disappointing. The royal bride's costume was reputed to have cost nearly $5,000. Not even Yankee ingenuity could reproduce the splendor of a $5,000 gown at a small fraction of the cost.

Possibly, too, American brides didn't feel that Britain's future queen had set a fashion for the altar.

Last year, our wives' clothes bill came to less than two per cent of the nation's income. If it wasn't money well spent, it wasn't the apparel trades' fault.

They mass-produced clothes at prices that seem incredibly low to peoples all over the inflated globe. They inspired millions of husbands to fall in love all over again with their wives.

Unless you're a dyspeptic, you can't really be ag'in it.



"No wonder you are such a success in the business world, Mr. Walsh. I would have given up at noon"

The Queues Controllers Forget

(Continued from page 41)

More was dealt from under counters than from under all the poker tables in the country. The regular caller, told loudly that there were no pork chops, was wise when the boss added: "Better take a couple pounds of liver."

She was sure that the package, so quickly wrapped under the counter, would be pork chops when she got it home.

OPA didn't look for trouble with the millions of consumers. A police force as large as that of the Soviet Union would have been needed to dragoon them into line. And OPA didn't have much time to bother when a farmer killed a pig and sold part of it to the village butcher. In fact, in many small towns local butchers forgot to collect coupons.

As far as individuals were concerned, little enforcement of OPA regulations was needed even if possible. Though irksome, the public accepted rationing as a war necessity. The war appeal brought popular support. When the end seemed inevitable—the end of both war and scarcity—OPA collapsed. The organization was there but, without popular support, its regulations could not be enforced.

"We can't ration plenty," Col. Bryan Houston, deputy director, said. "When supplies get to 85 per cent of normal, enforcement can't keep up with the leaks."

Checking was difficult

KEEPING tab on every individual was impossible and checking on every retail store was far from satisfactory. If a violator was caught, he was hauled before an OPA board. If the offense was sufficiently serious, the Department of Justice was called in.

As 3,000 investigators could not watch every store, much of the sleuthing was done by volunteer spotters.

The merchant with the best intentions, as most of them had, was on thin ice as soon as his front door opened in the morning. He'd been up half the night counting the previous day's coupons, reading new regulations, directives, revised prices and other heavy literature from Washington. Woe to him if he forgot anything.

The writers in Washington were prolific and never heard of the paper shortage. For meat control alone, 6,200 separate regulations were issued, several of 60 pages each. A butcher had more reading matter than a college professor and no excuses were accepted for flunking.

The strangest of OPA's burdensome regulations compelled motorists to write their car license number on the back of each gasoline coupon. Each night, filling station operators sorted the coupons and carefully pasted them on big sheets of paper. OPA hoped that, by checking the numbers against several million car owners and several thousand ration boards, somebody would be caught using counterfeit coupons or more than his allotment. The big hitch was that pasting obliterated the numbers.

Many annoying rules

OPA showed its authority in other petty regulations. Conserving the nation's food was not its only purpose. If a Detroit housewife crossed the river into Canada for her marketing, the equivalent ration coupons were taken away when she returned though she had increased the food supply. The Sunday driver or one with an out-of-state tag on his car might be called on to show his ration card and explain why he was not at home. Sporting events were not stopped but the license numbers of those who came by automobile were checked and reported to ration boards.

Obviously, telling each American what and how much he should eat and when and where he should travel was too big a job for any organization outside of a police state. Effective policing of 2,000,000 outlets was almost as difficult. Consequently, OPA's most effective efforts were in controlling the big sources of supply.

Being fewer in number, processors and wholesalers were easier to check. As they bought in large quantities, rationing also was easier. Through allotments and quotas of raw materials and agreements as to where the finished product would be distributed, the consumer market might be controlled indirectly.

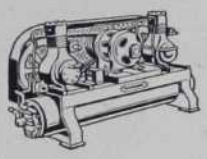
That control was not easy. Sugar and meat were the toughest problems. Changing the law of supply and demand was almost as difficult as regulating the weather. The black market price for sugar, its source controlled by import quotas and incentive payments for the domestic crop, was five times the



N. J. Food Processing Firm Buys Freezer Equipment —Chooses Frigidaire

From his 22 years in the food business, J. S. Reichenstein, president of Penns Grove Products Co., Inc., Newark, N. J., knows the importance of reliable refrigeration. That's why he chose Frigidaire equipment for a new freezer and cooler unit.

"We are quite pleased with its performance," says Mr. Reichenstein; and he adds that the splendid service given him by his Frigidaire Dealer, T and T Refrigeration Service, Inc., Newark, N.J., "strengthens my regard, not only for them but for Frigidaire."



For any type of cold-making or air conditioning equipment, see your Frigidaire Dealer. Find name in Classified Phone Directory.

You're twice as sure with two great names— FRIGIDAIRE made only by GENERAL MOTORS

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 129

The Board of Directors on March 3, 1948 declared a cash dividend for the first quarter of the year of 50c per share upon the Company's Common Capital Stock. This dividend will be paid by check on April 15, 1948, to common shareholders of record at the close of business on March 19, 1948. The Transfer Books will not be closed.

E. J. BECKETT, *Treasurer*

San Francisco, California



Research

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...that takes up where theory leaves off.

BURIED DEEP in every business organization is a potential "rich strike". Possibly it's the germ of an idea, lying neglected because of business pressure. Perhaps it's a matter of product improvement, overlooked by men too close to the picture. Maybe it's new product design, postponed until a non-existent "tomorrow".

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ceiling price because the clandestine supply was limited. Black market meat, with unlimited supply sources, seldom was more than double the fixed price.

Bids for livestock in Midwest stockyards were consistently higher than the big packers, whose prices were controlled, could afford to pay. On many days, 80 per cent of the offerings went to black market slaughterers. At ceiling prices, growing would have stopped and meat disappeared from the shops.

Prosecutions were started, 400 a week against wholesalers and processors, but the traffic increased. Chester Bowles, last of the four price administrators, estimated that families paid $1,000,000,000 a year in overceiling prices for food and that four fifths of the retail stores violated OPA regulations.

Many cases in courts

WHEN OPA was in its death throes on Nov. 1, 1945, more than 26,000 enforcement cases still were pending in courts. These were a trifle compared to the hundreds of thousands which had been handled. The number was reduced, many of them dismissed, to around 10,000 when all pending cases were turned over to the Department of Justice on June 1, 1947. This figure did not include sugar and rent control cases but did count 2,600 involving gasoline; 1,800, meat; and 1,700 clothing and building material. Some 6,000 still are on court dockets. OPA may be dead but it is not buried.

If quantity control was difficult, quality control, so essential to any effective price fixing, was impossible. What shopping memories that recalls—how the old stand-bys changed.

"I'd like a Juniper shirt; worn that brand for years," a customer announces.

"Say, you're the tenth man that asked for one of those shirts today and there isn't one in town," the affable clerk replies.

"But you're advertising shirts."

"Certainly, they're the Jimson brand. Your size, please."

"Oh well, 16 collar. Let's see one."

The customer fingers the shirt.

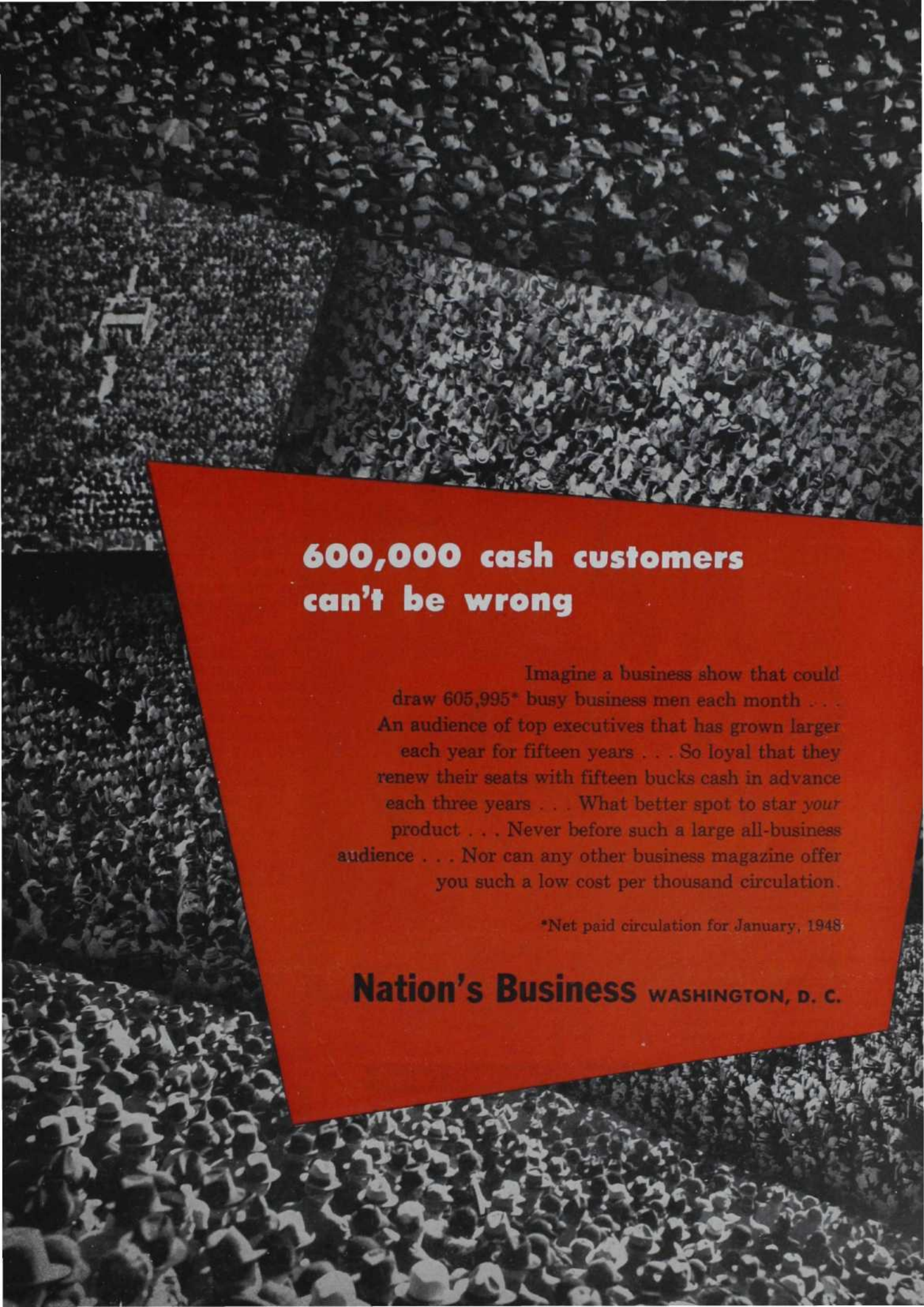
"Rather flimsy, isn't it?"

"Does seem so, but that's only the feel," the clerk agrees. "Beautiful pattern, I'd say. Most becoming to a man of your type."

"Well, I need a shirt. How much?"

"A sale's on today and I can let you have it for $3.15."

"Three fifteen? Jumping Jupi-



600,000 cash customers can't be wrong

Imagine a business show that could draw 605,995* busy business men each month . . . An audience of top executives that has grown larger each year for fifteen years . . . So loyal that they renew their seats with fifteen bucks cash in advance each three years . . . What better spot to star *your* product . . . Never before such a large all-business audience . . . Nor can any other business magazine offer you such a low cost per thousand circulation.

*Net paid circulation for January, 1948

Nation's Business WASHINGTON, D. C.



SUNSHINE
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Industry is not built on coal alone—nor gas, oil, minerals, timber, farm products, chemicals. Alberta has these in rich abundance—but Alberta has more. In this Province, you'll find the climate, the people, the pleasures, to make life worthwhile. Far from being a frozen outpost, Alberta has long brilliant days of sunshine, sport-filled invigorating winters, vacation wonderlands that include Banff and Jasper. Her fishing and hunting are world famous. For workers, and management men, Alberta offers unhurried living in a paradise of beauty.

How cold are Alberta's winters? In the Province's industrial zone, the average 1946 January temperature was 10.7° — New York 32°, St. Paul 13°. And Alberta's climate is dry—not penetratingly damp. In July, Alberta's temperature average was 62.7°, with Toronto 69°, New York 74°, and Portland, Oregon, 67°. These Summer days are steeped in sunshine too—322 hours of it last July, compared to New York's 293, Vancouver and Toronto's 287. Even the climate makes for industrial growth in Alberta—the free land of free enterprise.

ALBERTA *has* WHAT YOUR BUSINESS *needs!*

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Administration Building

GOVERNMENT OF THE PROVINCE OF ALBERTA
Edmonton, Alberta, Canada

AG-21

ter! I never paid more than $1.65 for a shirt."

"Yes, that's what others say. But this is a new brand, made by the same factory, has a new ceiling price."

The next morning, a startled wife spills her coffee as he roars in for breakfast.

"What do you know," he shouts. "The tails on this damn cheesecloth shirt are two inches short and it's slipping over my belt. And they call this a free country. Bah!"

The shirt was only a symbol for hundreds of new varieties—dresses, stockings, suits, whisky, hardware and almost every line.

Rations disregarded tastes

NOR could OPA be equitable in rationing. If such staples as coffee, sugar, bread and meat are divided equally among the population, the non-users, and there are millions for each article, will receive what they do not want while those who use them get less than they need. Only a census of individual palates, ages and occupations and tying each family to a particular store can make food rationing equitable. That worked in Nazi Germany and Soviet Russia but the United States is not ready for such regimentation.

Fixing prices is an attractive promise when they are rising. Few realize the extent to which the cents saved on a pound of meat or butter are offset by the cents paid from another pocket. For the cents which a customer saves in the store, he pays other cents to the Government, probably not as many but impressive billions when the cost to the taxpayers for price fixing is totaled.

From 1942 to 1947, the cost of OPA, according to the Bureau of the Budget, was $728,848,799. This covers only part of its activities—salaries, travel expenses, office rents, equipment and reimbursements to the Government Printing Office and the Post Office. It does not include pay of other government employes or anything for thousands of volunteers who donated their time.

It also is only a drop to what taxpayers poured out in those years to keep prices down.

Fixed prices kept the consumer fairly happy but the producer also needed a financial fillip to spur his zeal. Subsidies, incentive payments and buying of surpluses were the solution. The Department of Agriculture, Commodity Credit Corporation and Reconstruction Finance Corporation distributed the

payments. The race was thrilling as consumers were cautioned to buy less and producers were urged to keep the shelves and warehouses full with a government promise to buy any surplus crop. From 1941 to 1946, the Government (Bureau of Budget figures) spent $9,103,900,000 to support prices of which $5,390,666,000 was in direct subsidies to business and farmers.

Subsidies for livestock and meat were $1,569,000,000; for dairy products, $1,484,000,000, with many others in nine figures, including $592,000,000 for wheat used in food, alcohol and flour.

The No. 4 food ration book, OPA's last—five pages of 240 red, green, blue and black coupons for one, two, five and eight points—was an edition of 135,000,000 copies, an all-time best seller. As every individual in the United States, regardless of age or nationality, needed one, the demand was gratifying to the publisher. Its subscription price—total operation costs and subsidies divided by the number printed—was $73 for the series. A married couple was put down for two with an additional one for each child.

Ration books at high price

SOME persons paid more in taxes, others less, but that did not change the cost of a book. The taxpayers bought $10,000,000,000 worth and OPA distributed them. An order with GPO for a fifth and larger edition and for 37,000,000 A-cards for gasoline was canceled in August, 1945.

OPA started modestly in April, 1941, with 85 employes. At its peak, July 31, 1945, it had 63,426 paid employes and some 235,000 volunteers. This does not include thousands of school teachers drafted for after-hours work and other thousands who peeked in neighbors' pantries. With its scouts, sentries and shock troops, OPA was our largest army unit. When it started disbanding, Nov. 1, 1946, the paid staff was down to 35,000. The annual payroll had been reduced to $112,000,000.

Recruiting another such staff and organizing new ration and price controls would take weeks. While that was going on the public, remembering past shortages, would be in a buying panic. More than presidential orders or acts of Congress are needed for a social revolution. The voters had one experience and know whether it worked. They alone can decide whether such controls are again necessary as part of their daily life.



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And there's a Fresh'nd-Aire circulator for every requirement!

Propeller sizes range from 14 to 35 inches. See your supplier or write direct for evidence of superior qualities built into all Fresh'nd-Aire Circulators.



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Export Sales: The A. J. Alsdorf Corporation, Chicago 1, Ill.

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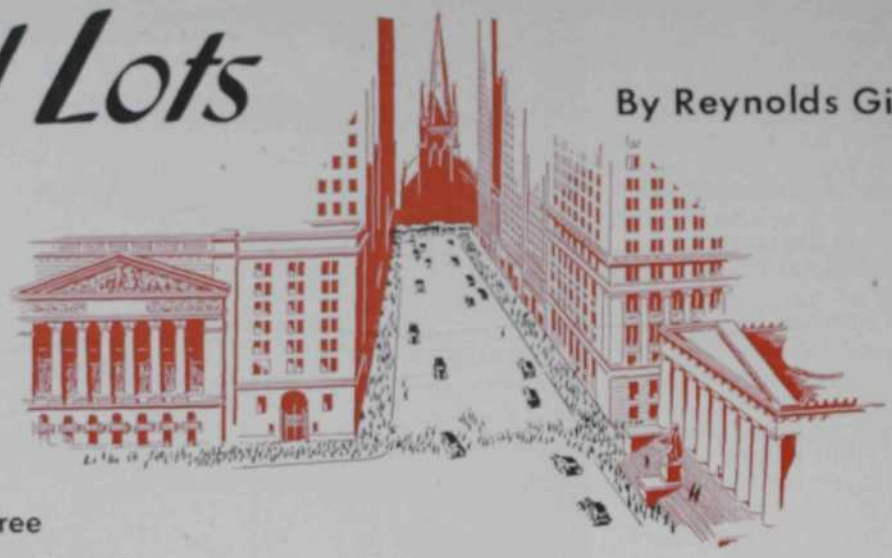
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Odd Lots

By Reynolds Girdler



Don't Spare That Tree

WHEN the SEC was young, and sure that it was bringing Utopia to our creaky economy, it sternly limited Wall Street's efforts to sell new securities. This it did by restricting the circulation of information on new issues. But now the government agency has a New Look. It not only permits pre-offering data to be distributed, but requires underwriting houses to file reams of paper proving that bundles of information have been sent to all possible people. Wall Street clerks who turn out this red tape by the mile often wonder what serious inroads the paper is making on our forest resources.

★ ★ ★ ★ ★

Hat in Hand

TRUE to form, Kaiser-Frazer bobbed up with comic relief just when Wall Street most needed it. This time the spectacle ran the gamut from slapstick comedy through melodrama to near-tragedy and wound up with a surprise happy ending.

It all began when Kaiser-Frazer announced new financing to double its auto output. Of course Cyrus Eaton of Otis & Co., the company's traditional banker, was scheduled to underwrite the new issue of common stock.

But just then, in the best tradition of the Greek drama, implacable fate in the form of a weak stock market intervened. Like Finnegan's train, the deal was on-again, off-again and finally off altogether. Otis & Co. announced its withdrawal from the financing.

Not since the Richard Whitney announcement has anything shocked Wall Street quite so much. The people who count in the Street have never had much love for Otis & Co. Just the same, they winced to see any underwriting house withdraw from a commitment, no matter what the circumstances.

The withdrawal put the Kaiser-Frazer company in a tough spot. The company had tied up some $2,000,000 of its own funds stabilizing its stock on the Curb in preparation for the financing. So the company did a smart thing.

Hat in hand, one of its officers went for help to one of Wall Street's old-line firms, one of those the Justice Department chose to indict for conspiring to monopolize the underwriting business. It was one of the firms which personifies all the New Dealers mean when they sneer "IBA firm."

To the eternal credit of Wall Street, The First Boston Corporation agreed to help Kaiser-Frazer. With that announcement, Kaiser-Frazer gained new stature in the Street's collective mind. The financing will ultimately be completed.

There was one more little touch to the situation. Someone (rumored to have been in the Kaiser company) whispered about the new arrangement to a Washington columnist. And that's how Wall Street first learned of it. Thus the announcement was robbed of much of its surprise element, and its impact on the financial community diluted by just that much.

★ ★ ★ ★ ★

Threescore and Twenty

ANOTHER Wall Street house—Spencer Trask & Co.—is celebrating its eightieth birthday this year. Founder Spencer Trask was a notable figure in the '80's and '90's, impressive behind one of his day's better beards. He was one of the Wall Streeters who gave Thomas Edison his first big money. Later Trask served as the second president of Edison's first electric light company. From Trask's statistical department (one of the first ever formed by a brokerage firm) came John Moody to organize the big statistical firm known today as Moody's Investors Service.

★ ★ ★ ★ ★

Financial Gospeler

IN 1904, the National City Bank of New York thought its customers would find use for regular, informed comment on the financial problems of the day. That was the origin of the monthly Letter of the National City, today the best known and most widely quoted of all bank publications.

Originally the Letter concerned itself mostly with U. S. securities and government finance. But in 1914 came an event the Bank recognized immediately as of overwhelming economic importance—World War I. With that event the Bank broadened the Letter's subject matter and lifted its public service to a new high.

Prophesying even better than it knew, that first issue of the enlarged Letter told the American business man the war would be a long one. Soberly it also announced that an act of "primitive passion" in an obscure corner of Europe was destined to destroy national economies that had been 100 years a-building.

Today the Letter does its level-headed best to bring economic sanity into the chaos begun by World War I and intensified by World War II. But at no time does the Let-

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BALANCE SHEET

December 31, 1947

ADMITTED ASSETS

Cash in Office, Banks and Trust Companies	$ 26,330,163.87
United States Government Bonds	59,492,297.55
Other Bonds and Stocks	64,539,027.59
Investments in Associated Companies	24,963,562.47
Real Estate	3,984,382.15
Agents' Balances, Less Than 90 Days Due	9,904,935.42
Reinsurance Recoverable on Paid Losses	2,796,195.95
Other Admitted Assets	1,886,092.82
Total Admitted Assets	$193,896,657.82

LIABILITIES

Reserve for Unearned Premiums		$ 91,473,696.00
Reserve for Losses		23,904,922.00
Reserve for Taxes		3,720,000.00
Liabilities Under Contracts with War Shipping Administration		3,718,542.91
Reinsurance Reserves		1,650,557.00
Other Liabilities		2,746,852.05
Total Liabilities Except Capital		$127,214,569.96
Capital	**$15,000,000.00**	
Surplus	**51,682,087.86**	
Surplus as Regards Policyholders		**66,682,087.86**
Total		$193,896,657.82

NOTES: Bonds carried at $5,391,045.38 amortized value and cash $50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners.

Canadian Assets and Liabilities have been adjusted to the basis of the free rate of exchange.

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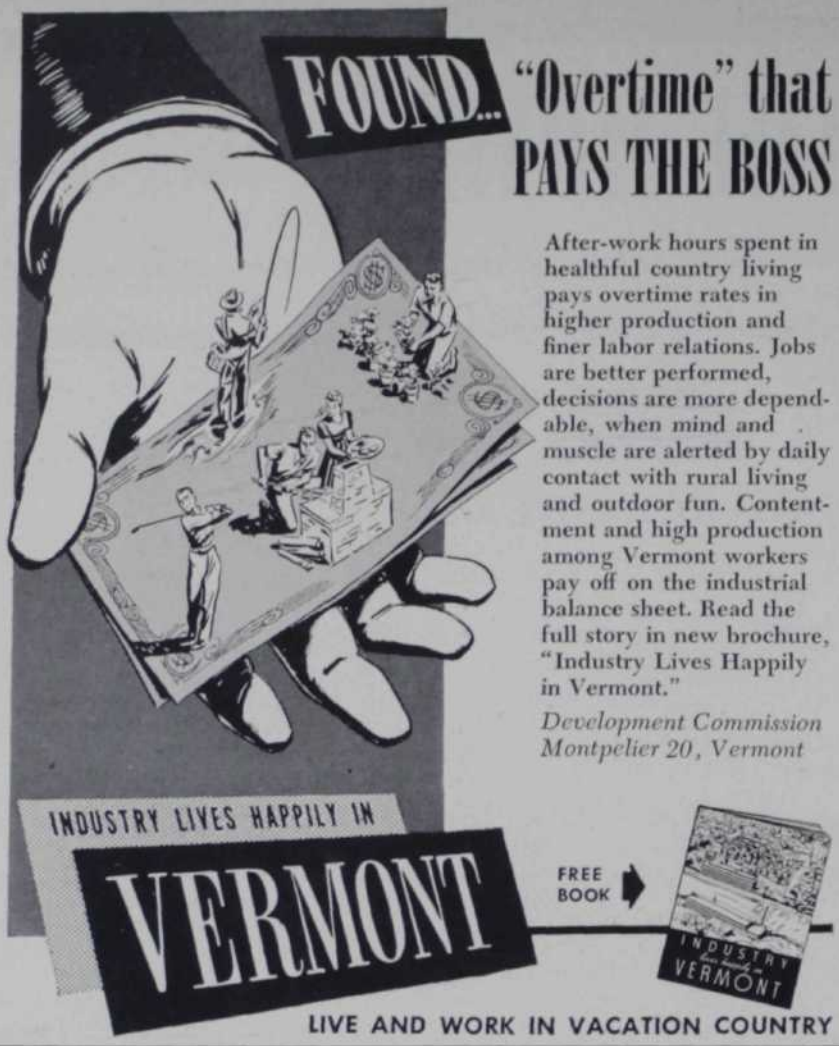
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Can MANAGEMENT *survive under Socialism?*

England offers the test case. How have the managers of business enterprises fared since the Socialists took over? Are they out of jobs? Have their salaries been cut? Do they have any voice in company policy? A British authority tells America's executives what they might expect from even benevolent socialism. See "British Managers under Socialism" by Paul Einzig.

In May

NATION'S BUSINESS

ter make concessions to popular reading levels. The Bank's economics department each month tackles the knotty problems of the day and interprets them in a scholarly, quiet-voiced manner. Almost invariably, the Letter can be relied on to produce some original information or point-of-view on a public question. Thus in the heat of the Bretton Woods debate, the Letter totted up the gold and dollar resources of the European nations, found them to be at a record high. Europe's great postwar need, it concluded, was much more likely to be goods and foods and raw materials than new financial machinery. And so it has proved.

The Letter's tabulations on corporate earnings have done more to spread the facts of business profits than any other single source. By relating earnings to sales and net worth, it has erected a stubborn barrier to misinterpretation and labor propaganda.

Each month now, some 140,000 copies of the Letter (3,500 in Spanish) go out to business men, bankers, public officials, schools, colleges and libraries.

★ ★ ★ ★ ★

The Flickers

THE STOCK EXCHANGE'S motion picture, entitled "Money at Work," has now been circulating through the nation for a solid year. And still requests for the picture come in to Sidney Parry of the Association of Stock Exchange Firms, who supervises the film's distribution.

Some 800,000 persons, Parry opines, have seen the picture. Biggest distribution, of course, has come through such service organizations as chambers of commerce and Rotary and Kiwanis clubs. But labor and school groups also have asked for the film, and shown a genuine interest in finding out how this symbol of capitalism—the New York Stock Exchange—really functions. Even some chains of commercial picture houses have exhibited the picture in their theaters, and later reported the film scored high as entertainment.

In all, 300 prints of the picture are working their way around the country. The Stock Exchange is now considering a successor to "Money at Work."

★ ★ ★ ★ ★

Hullabaloo in Wheat

MAYBE the Chicago Board of Trade also needs an explanatory motion picture. Certainly the picture drawn of the wheat market by the nation's press during the

break in prices was a queer caricature. It was easy to believe, from the front pages, that the price break was giving commodity houses and their customers an awful shaking around.

Actually, there was little hullabaloo in the commodity firms of New York, Chicago and other big cities. Most everyone in the commodity business knew long ago there could be no lasting validity to $3.00 wheat. Almost every farmer knew it, too. So there was little speculation at these top prices. As phrased by Shearson, Hammill's Walter Maynard, lower prices were even less than a question of time. They were only a question of one good world crop.

With the coming of that prospect came lower prices. At once those who had something to gain by it attacked the futures markets. Wheat, which enjoys a futures market, brings the farmer five cents a pound. After long and costly processing and distribution, wheat in the finished form of wrapped bread costs the housewife about 11 cents a pound. But what does the grower of lumber, which has no futures market, get for his product in the raw state compared to what you pay for that same lumber in finished housing or furniture form?

★ ★ ★ ★ ★

Step Saving

A FEW days after you buy ten shares of stock, your broker delivers to you a fresh, shiny certificate registered in your name, and you are enrolled on the books of the corporation as a stockholder. The certificate looks as though it had been waiting on a shelf just for you. But actually, many pieces of paper had to change hands, and many messengers had to cross and recross each other's paths before the man who sold the stock, and his broker, and the broker who bought it for you, and the transfer agent, completed the long circuit to you. That circle the Curb Exchange has now bisected with a centralized transfer service. The new service does away with much duplicated physical labor. Instead of many messengers running around to many houses and banks, now one messenger from a firm brings all his transfers to the Curb. There they are assembled by their destinations, and once again dispatched with a minimum of labor. The need for the service was great. As proof, last year the Curb handled 1,272,124 transfer envelopes. The wonder is nobody thought of the centralized idea before this.



H. ARMSTRONG ROBERTS

NO, NOT THE biggest in town. Just a little fellow, some people would say. But I employ 320 men and women. That means this business supports almost that many families. It means I have labor problems, transportation problems, finance problems. Not troubles; but problems.

Our town has problems, too . . . and opportunities if you watch for them. If this town were not as good as it is, my business wouldn't be as sound as it is.

If this town didn't solve its problems, then we *would* have troubles.

One unfailing source of help is my local chamber. It helps directly when I go to it for answers, information and cooperation. And it helps indirectly by making this town a good place to live, to trade, to educate kids.

The boys at the chamber tell me that I share in the helpful experiences of more than a million business men who belong to some chamber of commerce or trade association. I'm glad to be one of them and glad to stick in my two-bits. I get a lot more out than I put in.

WHATEVER your business or profession, your local chamber can help you, too. Ask us for a free copy of "Local Chambers, Their Origin and Purpose."

Chamber of Commerce of the United States of America

WASHINGTON 6 • DC

On the Lighter Side of the Capital

Wait for the big show

SURE, said the ex-sheriff. Tumble weeds show which way the wind is blowing, all right. No one denies that. Only if you go chasing a tumble weed you're mighty sure to wind up in a ball against a barbed wire fence. Ain't no future to tumble weeds.

The sheriff is in Washington on a visit. Two-three of his women folk have government jobs and he came on to see how they are making out. They live in a kind of fancy doghouse, he said, always steamed-up from the bath and with pieces of underwear just disappearing every way you look. Budget trouble, too, just like the Government, only the girls can't make anyone go down in his pocket to pay their way, like the Government can. The sheriff is callous to their woes.

"You can see you're going to go busted one of these days," he told them. "Then you'll come home. The Government don't seem to have that much sense. Only when you go broke you sell *your* watch to the highbinder but when the Government goes broke it sells *my* watch."

Truman on the down beat

PRESIDENT TRUMAN was in his accustomed pan of hot water when the sheriff reached town. All the commentators were putting out the funeral baked meats—

"They tell me David K. Niles, the wonder boy of yesteryear, has likely formed a permanent habit of slipping along the White House walls sidewise. He sold Mr. Truman his Palestine policy, no money back and no alterations. It is very sad. They tell me no one around the White House likes to be seen talking to Niles. Those things are contagious."

Back to tumble weeds

THE BUSINESS of politics, said the sheriff, is entirely a matter of timing. You warm a fact in your bosom until it is limber. Then you either make use of it or it bites you. Like this trying to sell Mr. Truman's premises before foreclosing the mortgage.

"Don't," he said, "follow a tumble weed too far."

Sure Mr. Truman's made mistakes. He'll tell you himself. The other evening his daughter Margaret—she can cook, too—was the honored guest at a reception and after dinner the President just dropped in to see how things were breaking. The three-piece orchestra paused to change fiddles, and the President walked over and shook hands with the boys.



He liked it, he said, and wished he could hang around and play the piano.

He grinned as he turned away, a grin that implied:

"Some people say I'd better have stuck to my piano playing."

That home town touch

IF THE old gentleman from the tumble weed country is right, that Main Street angle is Mr. Truman's chief political asset. We are, he thinks, tired of the Groton accent and professors and throne chairs. They went big with us for a time, but now we are finding out that the better element not only made mistakes but hid their mistakes so well that even today they are blowing up in our faces:

"Harry makes 'em, too, but he makes 'em right out in the open. Often he's mistaken twice on the same thing in the same day. But don't be kidding yourself that he won't be a hard man to beat."

He liked the way Mr. Truman handled the ex-Mike of Rumania threat. He arranged to come to the United States with his mamma, the ex-queen, and his aides, back-rubbers and canvasmen.

"But it isn't official," said the American Government in tones that faintly resembled a squeal. "When ex-Mike comes it is on his own, just like anyone else who might like to get away from Communists for a time."

To be brutal about it, Mr. Truman did not propose to pick up the check.

Echo of bygone days

PRESIDENT TRUMAN is old enough to remember the raiding party led through the West by Queen Marie of Rumania, the beauteous grandma of ex-Mike. Estimates of her net profit varied but all agreed that the royal pocketbook was impregnable. Maybe the advertising value of her visits paid off. One can never know. She swept through the fur salon of one of the great western stores—not a million miles from the Truman haberdashery—and ooed like any other woman at a $30,000 mink cape.



"I must see how it looks on me," she cried.

There wasn't much the store manager could do about it. Marie tried it on, swished the tails of it in front of the mirror, and said she'd take it. The store could send the coat she had been wearing back to the special train. Marie would wear the heavenly creation to the reception which came next on the day's list. She not only wore it, but she continued to wear it. The dying store manager bumped around in his death agonies but he could not get his hands on it.

Mr. Truman may be talked out of his initial attitude of caution. But, after all, he knows what bad accounts can do to a flourishing little business. It will be interesting to see who picks up the ultimate check for the little Rumanian family.

Item of national shame

THE ONE thing that we as Americans have to blush about in the matter of Marie's guerrilla operations is our treatment of Mayor Mike Hylan of New York. Mike and Marie were indubitably two of a kind. They were hearty, earthy, boisterous folk, who did not fool each other for the fractional part of a second. Each had a racket and handled it well. The manners differed somewhat, of course. Marie could be queenly when that seemed desirable. She only twinkled at the right guys. Red Mike belonged to the guffawing, back-slapping, bellowing school of Brooklyn politics. Mind you, under the $30,000 mink

and the steaming frock coat they were as alike as weasels. Mike shouted a reply—

"You said a mouthful, queen"—

And the newspapers have been throwing darts at poor Red Mike's tombstone ever since. Rather a sorry performance. He was about the only one of us who had the lady's number.

Proof of a pudding

EVIDENCE that Mr. Truman will be a hard man to beat is the character of the stories told about him. So says the sheriff.

"They threw vitriol at Roosevelt," he said. "And some of the meanest books ever printed were shot at Hoover. Even poor old Coolidge was a target for contemptible damn lies. The stories I've heard about Truman are just kindly kidding. Like—

" 'Lincoln couldn't tell a lie and Roosevelt couldn't tell the truth. Truman can't tell the difference.' "

You can't read anything vicious into that kind of a story, if the sheriff is a judge.

On the distaff side

NO NAMES will be mentioned, because this corner is full of social timidity, but a kind of Lady Boss has stepped into what was practically a vacancy and is doing a good job. She is good looking, she has oil, and she is certainly filling a long felt want. The Administration's inner circle may be nature's noblemen but in society they are sore toes. They not only do not see what should be done but they could not do anything if they saw. The new Lady Boss took Mrs. Truman in hand;



"This may be a pain to you, Bess," she is reputed to have said, "but you've got to snap out of it. Smile, darn it. Move around and talk to people. Make with the social graces."

And now she likes it

THE STORY may rest on no sounder foundation than the companion piece which had Mrs. Truman glooming as she watched her husband being sworn in as vice president—

"This is the saddest day of my life," she is reported to have told a friend—

But it is a fact that Mrs. Truman is in motion at the various affairs she must attend in her capacity as wife of the President. She had been in the habit of sitting firmly throughout the party, projecting the thought that, when she got home, she'd have something to say to Harry. Nowadays she talks and laughs and seems to be enjoying herself. Maybe the Lady Boss is not to be credited with the change. It may be that a naturally retiring, rather introverted person has—to re-issue an old phrase—been pushed off the dock. Once in the water she has found that she not only can swim but that she likes it.

And Ike's out again

THE POLITICAL thinkers are getting their hands all sticky with the Eisenhower jam again. If the polls are right the nice general has an almost frightening popularity. He has said that he will not accept the nomination for the presidency, but the deep thinkers point out that—

He said that in all humility he cannot refuse an honor that has not been offered and—

He stated that he would always be at the service of his country.

The argument is that, if either party were to nominate Eisenhower, he would accept. They say he would win in a walk. No man is big enough to refuse the presidency of the United States. Some theorists note that both parties might nominate him and wipe out some misunderstandings. It would be fantastic.

Here's the argument

NO ONE positively knows whether Ike is a Democrat or a Republican. His nomination by the Democrats would save that party from the attack of Truman's Evil which threatened to split it. The preservation of the two-party system is most important to all of us. A mangled Democratic party would make possible splinter parties—Communists, Wallaceites, funny shirtists and the like—with their accompanying dangers. Nominated by both parties, Ike could close his eyes to the handmade issues that are used to prod with and stand pat as a good American. After one term as a bipartisan President he could step down, the two major parties could go at it again in the same old way, and the four year 1948-52 period with its innumerable dangers would have been by-passed.



The thought may sound like the cooing of doves. The fact is that the cooing is going on.

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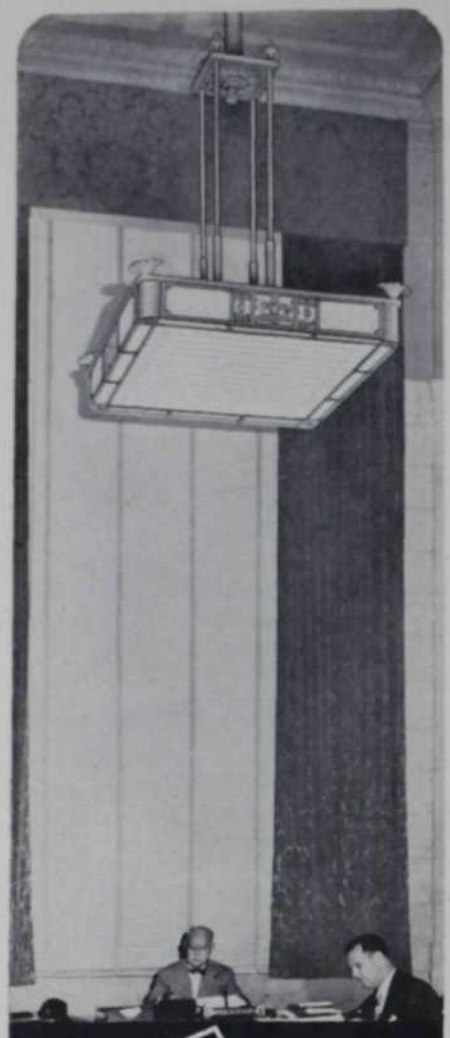
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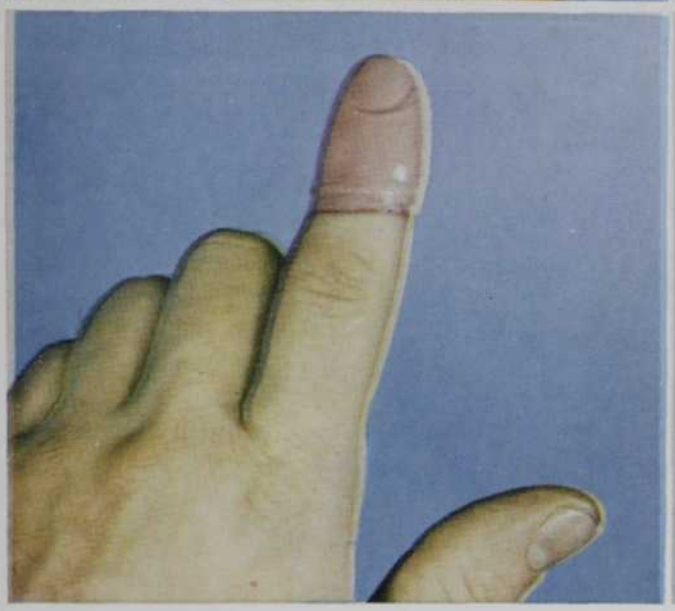
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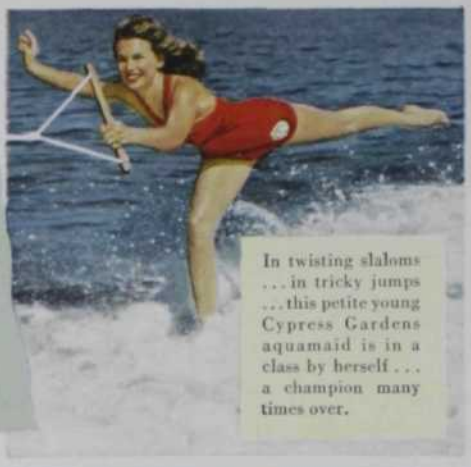
GEON polyvinyl materials • HYCAR American rubber • KRISTON thermosetting resins • GOOD-RITE chemicals

IT TAKES EXPERIENCE TO SKIM THE SURF AT

40 miles an hour on one foot!

...and Champion NANCE STILLEY agrees that in water skiing—and in cigarettes too...

"EXPERIENCE IS THE BEST TEACHER!"



In twisting slaloms ...in tricky jumps ...this petite young Cypress Gardens aquamaid is in a class by herself... a champion many times over.



You watch her and you *know* Nance Stilley has plenty of experience. Her cigarette? That's a "choice of *experience*" too...Camel!





THE "T-ZONE"
T for Taste...
T for Throat...
your final proving ground for any cigarette

R. J. Reynolds Tobacco Company, Winston-Salem, N. C.

Let your T-Zone tell you why

More people are smoking Camels than ever before!

● Now that people can get all the cigarettes they want ... any brand ... now that they once again can choose their cigarette on a basis of personal preference ... more people are smoking Camels than ever before.

Why? The answer is in your "T-Zone" (T for Taste and T for Throat). Let your taste ... your throat ... tell you why, with smokers who have tried and compared, Camels are the "choice of experience"!



According to a Nationwide survey:

MORE DOCTORS SMOKE CAMELS THAN ANY OTHER CIGARETTE

When 113,597 doctors from coast to coast were asked by three independent research organizations to name the cigarette they smoked, more doctors named Camel than any other brand!

CHOICE OF EXPERIENCE!